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PRELIMINARY REPORT

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Historical Background of California State and Federal Minimum Wage Legislation

The first state minimum wage legislation, passed in Massachusetts in 1912, had as its purpose the setting of a wage floor for the labor of women and children. California passed similar legislation in 1913. By 1923, Puerto Rico, the District of Columbia and a total of sixteen states had legislation guaranteeing a minimum wage for women and children.¹ Much of this early minimum wage legislation contained language similar to that of the California legislation which "provided that wage boards should provide the Commission (the I.W.C.) with an 'estimate of the minimum wage adequate to supply to women and minors engaged in the occupation, trade or industry in question, the necessary cost of proper living and to maintain the health and welfare of such women and minors.' The Commission then had the power to fix a minimum wage for women and minors 'which shall not be less than the wage adequate to supply such women and minors the necessary cost of living and to maintain the health and welfare of such women and minors.'"²

In 1923, however, the United States Supreme Court ruled, in the case of *Adkins v. Children's Hospital*, 226 U.S. 525 (1923), that the minimum wage law in the District of Columbia was unconstitutional on the grounds that the wage "infringed on the constitutional guarantee of the Fifth Amendment of the individual's freedom to 'contract about one's affairs.'"³ The Supreme Court maintained this position on state minimum wage legislation until 1937, when it reversed itself in the case of *West Coast Hotel v. Parrish*, 300 U.S. 370 (1937). "It was argued successfully then that the restraints on liberty of contract are not in violation of the Constitution if they are a reasonable and 'adopted in the interest of the community.'"⁴

In 1938 the Fair Labor Standards Act was passed. This Act provided among other things for a minimum wage covering both men and women, child labor restrictions, and premium overtime pay.⁵ The Act applied to all firms engaged in interstate commerce. The finding and declaration of policy of the Act read as follows:

Section 2(a). The Congress hereby finds that the existence, in industries engaged in commerce or in the production of goods for commerce, of labor conditions detrimental to the maintenance of the minimum standard of living necessary for health, efficiency, and general well-being of workers (1) causes commerce and the channels and instrumentalities of commerce to be used to spread and perpetuate such labor conditions among the workers of several States; (2) burdens commerce and the free flow of goods in commerce; (3) constitutes an unfair method of competition in commerce; (4) leads to labor disputes burdening and obstructing commerce and the free flow of goods in commerce; and (5) interferes with the orderly and fair marketing of goods in commerce. The Congress further finds that the employment of persons in domestic service in households affects commerce.

(b). It is hereby declared to be the policy of this Act, through the exercise by Congress of its power to regulate commerce among the several States and with foreign nations, to correct and as rapidly as practicable to eliminate the conditions above referred to in such industries without substantially curtailing employment or earning power.⁶

Since its passage in 1938, the Fair Labor Standards Act has been amended six times. The major effect of the amendments has been to increase the number of workers covered by the Act, to raise the monetary amount of the minimum, and to reduce the hours of work.⁷ When it was enacted, the Fair Labor Standards Act provided one fourth of the private sector work force with minimum wage protection.⁸ The Minimum Wage Study Commission concluded that "92% of the non-supervisory farm and nonfarm wage earners employed in mid-1979 were effectively covered by the minimum wage provisions of the Act."⁹

The Supreme Court's reversal in the case of *West Coast Hotel v. Parrish* and the legitimacy added to minimum wage legislation by the passage of the Fair Labor Standards Act prompted several states to maintain or to promulgate minimum wage legislation for women and children not covered by the federal legislation. After the passage of the Civil Rights Act of 1965, the legality of such state legislation was challenged in several cases on the grounds that it violated the non-discrimination provisions of Title VII. In the face of these challenges some states eliminated the legislation while others, including California, extended the coverage of the legislation to men. In 1970 the residents of California voted to amend the state constitution in such a way as to mandate the Legislature and the I.W.C. to determine a minimum wage covering men as well as women.¹¹ The charge given to the I.W.C. at that time was to determine "reasonable wages, hours and working conditions appropriate for all employees in the modern society."¹² The first minimum wage orders covering both men and women were issued by the I.W.C. in 1974.¹³

California's Minimum Wage Budget

The level of the minimum wage in California has historically been based on the "Budget for a Self-Supporting Working Woman" updated by the Consumer Price Index. The first comprehensive budget was compiled by the I.W.C. in 1950, and was later revised in 1961.¹⁴ According to the 1961 revision "the standard of the budget as conceived by the Commission is that of decent, healthful living at low cost. The allowances are intended to permit a working woman, entirely dependent on her own resources and supporting no dependents, to maintain a minimum but adequate mode of living."¹⁵ Given its importance in the determination of the minimum wage it behooves us to examine some of the details of this budget in order to determine whether it is now sufficient for this purpose, if in fact it ever was, and if it fulfills the mandate given to the Wage Board by the I.W.C. to recommend a "minimum wage adequate to supply the necessary cost of proper living to, and maintain the health and welfare of employees in this state. . ."¹⁶ (See Appendix A.) It is important to note that this budget as stingy as it may appear to our eyes in 1984, is totally beyond the reach of California's minimum wage worker today. "If the C.P.I., alone, were to be the measure of the proper cost of living, an hourly rate of \$4.79 would have been required in 1982 to provide the budget last priced in 1961."

But of course the Consumer Price Index alone is not an adequate measure of price changes. The state law of California requires that the California Necessities Index (C.N.I.) rather than the California C.P.I., be used in adjusting welfare payments to inflation; the C.N.I. reflects the consumption patterns of low-income families and replaces the housing share of the C.C.P.I. with a rental share; furthermore, the C.N.I. excludes categories of expenditures included in "goods and services" such as entertainment, alcoholic beverages, and household appliances. Since 1982 there is evidence that the rate of increase in the C.C.P.I. has lagged behind the increase in the C.N.I., allowing one to conclude that if the C.N.I. were used as an index, the minimum wage required to supply the necessary cost of proper living, would be found to be substantially higher than the present minimum wage of \$3.35 an hour.¹⁸

Demographic Changes

But these methods for determining minimum wage levels, based as they are on the budget necessary to ensure a "decent" standard of living for a single woman, have been rendered totally obsolete by the radical demographic changes that have occurred since these methods were initiated. Perhaps the single most significant change has been the increase in the number of female-headed households. According to Diane Pearce, the "percentage of all families that were female-headed rose from 10.1% in 1950 to 14% in 1976, an increase of almost 40% in a single generation."¹⁹

The Minimum Wage

Who earns the minimum wage? According to the Report of the Minimum Wage Study Commission, 12.4% of all employed workers in the United States in the second quarter of 1980 earned the minimum wage or below.²⁰ Who were these workers? 63.3% of all minimum wage earners are women; of these 48.9% are white, 9.2% are black, 4.0% are Spanish and 1.3% are classified as other.²¹ 17.7% of all employed women work at or below the minimum wage; of these 40.2% are 65 years or older, 50.9% are between 16-19 years, and 30.3% are between 20-64.²² 36.6% of all minimum wage workers are men; of these 27.1% are white, 5.8% are black, 3.0% are Spanish, and .8% are classified as other.²³ 8.2% of all employed men work at or below the minimum wage; of these 38.2% are between 16-19, 15.0% are between 20-64, and 27.4% are 65 years and older.²⁴

Which industries and occupations are the largest employers of minimum wage earners? A glance at table 1-11 of the report of the Minimum Wage Study Commission reveals that, while almost all industries and occupations employ minimum wage earners, there are some in which minimum wage earners are more highly concentrated than others. The industries and occupations of highest concentration have been circled.²⁵

Table 1-11

**Wage and Salary Employment of Persons At or Below the Minimum Wage
by Occupation and Industry, Second Quarter 1980**

(Numbers in thousands)

Occupation & Industry	All Employed workers ¹	Minimum wage Workers ²						As % of All Minimum wage workers
		Total		Below Minimum		At Minimum		
		Number	Percent	Number	Percent	Number	Percent	
All Workers.	85,504	10,615	12.4	5,321	6.2	5,294	6.2	100.0
Occupation								
Professional & Technical	13,930	483	3.5	296	2.1	187	1.4	4.6
Managers & Administrators (except Farm)	7,616	233	3.1	173	2.3	60	.9	2.2
Sales Workers	4,865	964	19.8	436	9.0	528	10.8	9.1
Clerical Workers	17,550	1,551	9.4	655	3.7	896	5.7	15.6
Craft & Kindred	12,157	340	3.1	163	1.5	177	1.6	3.2
Operatives (except Transport)	9,915	936	9.4	312	3.2	624	6.3	3.3
Transport Equip. Operatives	3,143	272	8.7	151	5.1	121	3.5	2.6
Nonfarm Laborers	4,094	799	19.6	324	7.6	474	12.1	7.5
Private Household Other Service workers	1,005	752	74.8	660	65.9	90	9.0	7.1
Farmers & Farm Managers	11,135	3,712	33.3	1,798	16.2	1,914	17.2	35.0
Farm Laborers & Foremen	33	11	33.9	11	33.9	0	0	.1
Industry								
Agriculture	1,032	461	44.7	337	32.7	124	12.0	4.0
Agricultural Services	349	67	19.2	24	6.9	43	12.3	.6
Forestry & Fisheries	93	8	8.6	3	3.2	5	5.4	.1
Mining	204	21	2.6	9	1.1	12	1.5	.1
Construction	4,571	203	4.4	102	2.2	101	2.2	1.9
Manufacturing - Durables	12,556	325	2.6	135	1.1	190	1.5	3.1
Manufacturing - Nondurables	8,333	638	7.7	195	2.3	443	5.3	6.1
Transport & Public Utilities	6,009	263	4.4	146	2.5	117	2.0	2.1
Wholesale Trade	1,174	178	5.2	74	3.1	104	3.3	1.0
Retail Trade	13,485	3,835	28.4	1,743	12.9	2,092	15.5	36.1
Finance, Insurance and Real Estate	5,148	353	6.9	202	3.9	151	2.9	3.1
Private Household Services	1,156	927	71.5	718	62.1	209	9.4	7.8
Professional Services	17,989	2,068	11.5	957	5.3	1,111	6.2	19.5
Other Services	5,422	1,078	19.9	514	9.5	564	10.4	10.1
Public Administration	5,343	271	5.1	142	2.7	129	2.4	1.4

Note: Individual items may not add to totals because of rounding.

¹See Note 1, Table 1-1.²See Note 2, Table 1-1.

Source: Current Population Survey

California

Because of the unavailability of data it is difficult, if not impossible, to duplicate these national figures regarding the characteristics of minimum wage earners for the state of California. We do however have figures for California produced by the United States Bureau of the Census regarding family structures, incomes and poverty status, race, age, and sex. In California in 1979 there were 5,978,084 families; of these 521,138 or 8.7% fell below the poverty line. 7.6% of the families below the poverty line were householders 65 years or older, 44.2% were female householders of whom 40.38% had children below 18 years of age and 21.54% had children below six years of age.²⁶ We can also examine these figures in terms of race. In 1979 there were 4,753,164 white families of whom 307,615 or 6.4% had income below the poverty line; of these 40.79% had female heads of household. In the same year there were 430,983 black families of whom 88,816 or 20.6% had incomes below the poverty line; of these 68.27% had female heads of household. There were 54,663 American Indian, Eskimo and Aleut families of whom 8,297 or 15.17% fell below the poverty line; of these 52.83% had female heads of household. Finally, there were 295,476 Asian and Pacific Islander families of whom 28,709 or 9.8% had incomes below the poverty line; of these 24.9% were households headed by women.²⁷ The median income for all families in California in 1979 was \$21,537. For female householders it was \$11,088.²⁸ Finally, it is important to note that two-thirds of all marriages in California end in divorce, and in 90% of the cases where children are present, the mother retains custody of the children.²⁹ Only a quarter of these children receive child support; 75% of divorced fathers default on court ordered support payments within the first year of the divorce.³⁰

Arguments in Favor of Raising the California Minimum Wage

1. The Feminization of Poverty.

In 1978 Diane Pearce published a seminal article entitled "The Feminization of Poverty: Women, Work and Welfare." In this paper Pearce addresses the following question: "What are the economic and social consequences of being female that result in higher rates of poverty?"³¹ In answering this question she focuses on two aspects of what she labels the "feminization of poverty." First she examines the "role of different sources of income—earned income, public and private transfer income—in allowing women's poverty, and second the role of the welfare system in perpetuating women's poverty."³² She argues effectively that, despite the radical increase in the number of women in the labor force since 1920, women have failed to make economic gains similar to those of other mass entrants into the urban labor force, for example European immigrants, because they are segregated into occupational ghettos where the demand for cheap labor is synonymous with the demand for female labor.³³ She notes that "women are much more concentrated in fewer occupations than are men; 60% of all women are in ten occupations. Moreover, this concentration has remained stable over time. Fourteen of seventeen

occupations that were predominantly female in 1900 are still predominantly female, and a segregation index by Gross (1968) indicates that women are as occupationally segregated today as they were at the end of the Victorian era.”³⁴ Partial confirmation of this observation can be made by glancing at the table of **Wage and Salary Employment of Persons At or Below the Minimum Wage by Occupation and Industry** that was reproduced earlier in this paper, keeping in mind both one’s personal observations of where women tend to work, and the fact that 63.3% of all minimum wage earners are women. We can clearly see that women are not only limited in occupational choice but that this limitation results in an economic disadvantage as well. “Some time ago, Knudsen (1969) showed that the higher the percentage of workers that are female in an occupation, the lower the average income in that occupation. Fuchs (1971) maintains that most of the earnings gap between men and women can be accounted for by the different jobs held by men and women. In short, women are concentrated in relatively few, generally low paying, occupations.”³⁵ What differentiates women from earlier mass entrants into the industrial labor force? Pearce argues that the difference lies in commitment to labor force participation. The lack of “commitment” on the part of women stems, in large part, not from an unwillingness to work, but from their responsibilities in caring for their children combined with the fact of insufficient or non-existent availability of quality day-care services. In addition, it is in the interest of employers to encourage women to view their labor force participation as temporary or secondary since they will then be “less likely to engage in expensive-to-the-employer type activities such as participating in labor unions and affirmative action suits, making demands for advancement or skill development, and even simply working long enough to be eligible for a pension.”³⁶ Moreover, temporary workers are cheap workers since they are not eligible for the fringe benefits that have become a significant proportion of the employer’s wage costs.³⁷ Pearce concludes that as long as day-care is not available to women, their inability to remain in the labor force continuously, due to child rearing responsibilities, i.e., their “lack of commitment” to labor force participation, can be used as an explanation by employers of women’s disadvantaged economic status.³⁸ Pearce goes on in her article to examine the roles of private transfer income (alimony and child support payments), public transfers, and the role of the welfare system, in contributing to the feminization of poverty; while these parts of her argument are as important and insightful as the argument that we have just examined concerning the causes of the inadequacy of women’s earned income, they are less germane to our present topic of the minimum wage. It is important to note however, with respect to these other aspects of the feminization of poverty, in particular with respect to the role of welfare payments, the following argument presented by Marilyn Power in her article, “Falling Through the Safety Net: Women, Economic Crisis, and Reaganomics.”

Beyond the political and ideological reasons for cutting welfare for working women, there are economic reasons as well, which are crucially tied to the Reagan strategy for dealing with the economic crisis. Women on welfare constitute an important element of the reserve army of labor and serve the classic roles of the reserve—responding to cyclical and secular changes in society's need for labor, and acting to depress wages for the 'regularly' employed. When incomes of this poorest group of workers are decreased, it becomes more possible to decrease earnings for other groups of workers. Welfare, or part-time work plus welfare, becomes a less viable alternative to work at the minimum wage, and women forced off welfare will be competing with others (mostly other women) for low-wage, low-skilled work. Historically, skilled and unionized workers have struggled with some success to insulate their wages from those of lower-skilled workers. But the employer's historic response of mechanizing, deskilling, and otherwise eliminating union jobs (which is clearly relevant at the present) means that eventually the entire wage structure can be affected by depressing the wages at the bottom.³⁹

These findings with respect to the economic disadvantage of women are corroborated by the observations of the Minimum Wage Study Commission in its report. The report notes the following:

Regardless of household, family, or marital status, women were more likely to be working at or below the minimum wage than men. In fact, there were three times as many women who alone maintained (headed) families. (This does not include married couple families). As women earned on average considerably less than men, it was not surprising that they were 4.5 times as likely to be earning the minimum wage or less. In addition, there were one million women who were the sole earners in their families, accounting for 10% of all minimum wage workers and over 40% of all low-wage single earners. Nor does differing marital status relieve this disproportionate burden of the minimum wage on women. Fourteen percent of married women, compared to 4% of married men, were minimum wage workers. In addition, widowed, divorced, or separated women were severely burdened. Twice as many of them as their male counterparts were employed, but nearly 40 times as many worked for the minimum wage or less.⁴⁰

2. Unequal Minimum Wage Burden on Minorities

We have already cited substantial evidence of the disproportionate number of minorities represented among minimum wage earners, the existence of which supports the contention that racial discrimination in hiring and promotion practices has not been eliminated. In this context it is worth noting some of the observations made by the Report of the Minimum Wage Study Commission.

Like women, blacks and other minorities are historically concentrated at the lower end of the earnings distribution. In the second quarter of 1980, a greater proportion of blacks was likely to be working at or below the minimum wage compared to other racial or ethnic groups, despite the fact that whites accounted for over three quarters of all low-wage workers. Nearly one out of every five blacks worked for the minimum wage or less. Hispanic workers, about half the size of the black working population, also experienced a disproportionate share of the minimum wage burden.⁴¹

The Subminimum for Youth and Learners

There are several powerful arguments against allowing a subminimum for youth. The most common is the argument that the allowance of a subminimum undermines the concept of minimum wage legislation; the minimum being the income that the Wage Board has recommended to the Industrial Welfare Commission as the "minimum wage adequate to supply the necessary cost of proper living to, and maintain the health and welfare of employees in this state." Moreover, as the Report of the Minimum Wage Study Commission argued, the subminimum for youth and learners controverts the concept of "equal pay for equal work."

... a youth differential would represent a departure from the principle that there should be equal pay for equal work, regardless of accidents of birth such as race, sex, ethnic or national origin, or age. If suggestions were made that the very real employment problems of women or members of minority groups should be "solved" by paying them less for their labor, such a proposal would be rejected out of hand as fundamentally unjust. We can see no difference in principle between such proposals and those based on age.⁴²

The Minimum Wage Study Commission also declined to recommend a youth subminimum on the grounds that their evidence indicated that such a subminimum would result in reduced adult employment.

A reasonable prediction might be that teenage employment would increase by 1.5 to 3% in response to a 15% differential, but there is substantial uncertainty that the true effects would be within that range. Adult employment would probably be reduced. Such a reduction could be significant compared to the teenage employment gain, but it is very unlikely that adult employment reductions would be as large as teenage employment gains.⁴³

Moreover, the Commission Report indicated that there was no evidence to show that a youth differential would increase employment of youths in the areas with the highest concentration of youth unemployment, i.e., there was no evidence that the differential would increase the employment opportunities of disadvantaged inner-city youth, rather than employment "for teenagers with no real employment problem."⁴⁴

The strongest argument against a subminimum for learners, beyond those cited above, is as follows. If, as the neo-classical economics textbooks tell us, the wage is equal to the marginal product of labor, then certainly enormous amounts of skill cannot be required to perform a job at the level of the minimum wage. That is, it clearly does not require one hundred sixty hours to learn most jobs that are paid the minimum wage. This truth has historically been exploited by employers who avail themselves of an extraordinarily cheap labor source by hiring people at the subminimum, training them to perform the job in a few minutes or at best a few hours, allowing them to work for one hundred sixty hours, firing them, and then hiring a new bunch of recruits.⁴⁵ We can only ask ourselves how much "training" is really going on in such a case, and whether or not it is possible in reality to police such practices?

Inflation, Indexation and the Minimum Wage

An argument in favor of raising the minimum wage is invariably countered by the argument that a rise in the minimum wage will be inflationary. While this is in fact a theoretical possibility, the Minimum Wage Study Commission found that in actuality the inflationary effect of an increase in the minimum wage was negligible.

The Commission found that the effect of a 10% sustained annual rise in the minimum wage over its historical level from 1974 to the second quarter of 1979 would have increased wages 0.8% and consumer prices somewhat less than 0.3%. This effect is small considering that the actual average annual rate of inflation during the same period was 9% for wages and 9.3% for consumer prices.

The actual 1974 and 1977 F.L.S.A.-amended minimum wage increases raised wages 0.6% and consumer prices 0.2% from 1974 through the second quarter of 1979. Without these increases, the average annual rate of inflation would have been 8.4% in wages and 9.1% in consumer prices during that period.⁴⁶

The Minimum Wage Study Commission also concluded that without indexation the minimum wage becomes a nominal and not a real wage—that is the minimum wage is unable to maintain its purchasing power. Furthermore, the Commission argued that indexation of the minimum wage was not necessarily inflationary, if increases in the wage followed increases in prices that had already occurred in the economy.

. . . indexation is not necessarily inflationary if it is based on cost-of-living or other increases that have already taken place, as measured for example by average hourly earnings, the consumer price index without the mortgage interest payments or the implicit deflator.⁴⁷

With regard to indexation, it should also be noted that the \$900 minimum covering “white collar” workers, should also be indexed. If it is not, then the wage order fails to cover large groups of workers who would initially have been included under the applicability of the order.

Effects on Competition of An Increase in the Minimum Wage

Many employers argue that if they are forced to pay higher labor costs because of an increase in the minimum wage, they will be unable to maintain a competitive position in regional, national, and international markets. They claim that they will be forced to relocate their businesses to areas with a cheaper labor supply. How can we evaluate this argument? Certainly in the last decade we have witnessed the relocation of numerous plants either to low-wage states within the United States, or to low-wage areas abroad, so this is not always an empty threat. First, many low-wage industries and minimum wage employers are suppliers of services (see Table 1-11). The market for services cannot be separated from the people who perform those services, and relocation threats by such employers cannot be taken seriously. Secondly, a study by Madden and

Cooper (1981) showed that firms in retail and wholesale trade (another important sector of minimum wage employers) are considered to be "relatively insensitive" to considerations of the minimum wage laws in making their location decision; "changes in population and income are more important" in this decision making process.⁴⁸ While Madden and Cooper's study may suffer from some data problems, it does seem to be clear that although relocation threats are to be taken seriously, we must not allow ourselves to be panicked into believing that all of these threats can or will be acted upon; criteria other than the level of the minimum wage must also be examined.

Conclusions

Given the evidence of the "feminization of poverty" occurring both nationally and in California, the increasing number of female heads of households raising children in poverty, the incontrovertible evidence of the occupational segregation of women into low-wage, minimum wage, and dead-end jobs, and the evidence of extreme racial discrimination in hiring and promotion, it seems clear that any recommendation of the Wage Board that does not entail a significant increase in the present, grossly inadequate minimum wage, is a recommendation that not only passively condones such conditions, but that actively enforces and encourages discrimination on the grounds of sex and race and sentences thousands of children to grow up in circumstances of abject poverty in a state of extraordinary abundance; it is a recommendation that sentences thousands of black and Hispanic men to a lifetime of humiliating, low-skilled jobs the wages of which do not enable them to support their families; it is a recommendation that sentences thousands of women to the desperation of trying to keep themselves and their children sheltered, clothed, fed and healthy on an absolute subsistence income provided by jobs that promise nothing but harassment, long hours, insecurity of tenure, and no benefits; and finally it is a recommendation that sentences to dire poverty, those of our elders who must work in the evening of their lives in order to feed, clothe and shelter themselves. An increase in the minimum wage could only serve to brighten the prospects of these people who constitute the "working poor."

Furthermore, if the Wage Board is to recommend a "minimum wage adequate to supply the necessary cost of proper living to and maintain the health and welfare of employees in this state" it must not undermine its own authority by permitting the existence of youth and learner subminimums. Such subminimums make mockery of the concept of "equal work for equal pay," and are inherently unjust. Moreover, there is no conclusive evidence that these subminimums can increase youth employment in areas where youth unemployment is critical, or that youth unemployment can be decreased by subminimums except at the expense of adult minimum wage earners. The subminimum for learners simply creates a pool of workers open to super exploitation by employers who maintain a temporary labor force—allowing workers to work up to the one hundred sixty-hour limit and then firing them. Such practices cannot be effectively policed.

If the Wage Board is truly concerned about fulfilling its mandate of providing an adequate minimum wage, it should provide for an indexation of this wage in some way in order to guarantee that the minimum wage is a real and not a nominal wage.

Finally, while the Wage Board should be concerned by employer's claims that an increase in the minimum wage will weaken their competitive position, the Board should also remember that large segments of the employers of minimum wage earners are producers of services and as such must remain located in the area of their markets; furthermore considerations other than the wage bill are important in the making of business decisions. This lesson has been learned all too painfully by thousands of workers who have witnessed their wage concessions being invested by their employers in industries that were totally unrelated to the industry in which these workers were employed. Neither a decrease in real wages, nor a consistently low real wage is either necessary or sufficient to guarantee business participation in the Californian economy. Moreover, it is not the job of the Wage Board to create a "good investment climate" in California; it is the job of the Wage Board to recommend a "minimum wage adequate to supply the necessary cost of proper living to, and maintain the health and welfare of employees in this state." Thus far the Wage Board has failed the minimum wage workers of California.

The viewpoints expressed in this report are those of the author, and not necessarily those of the Labor Center, the Institute of Industrial Relations, or the University of California.

FOOTNOTES

1. Report of the Minimum Wage Study Commission, Vol. 1, 1981, p. 2.
2. Powers, Yeftimovich, Miller, "Policy Issues Relating to the Minimum Wage," 1984, p. 23.
3. Everett Johnson Burt, Jr., *Labor Markets, Unions, and Government Policies*, St. Martin's Press, New York 1963, p. 372.
4. Ibid., p. 372.
5. Report of the Minimum Wage Study Commission, Vol. 1, 1981, p. 3.
6. Fair Labor Standards Act of 1938 (as amended by the Fair Labor Standards Amendments of 1974). Section 2.
7. Report of the Minimum Wage Study Commission, Vol. 1, 1981, p. 3.
8. Ibid., p. 4.
9. Ibid., p. 5.
10. Powers, Yeftimovich, Miller, "Policy Issues Relating to the Minimum Wage," 1984, p. 28.
11. Ibid., p. 28.
12. California Labor Code 1980, Section 1174, p. 112.
13. Powers, Yeftimovich, Miller, "Policy Issues Relating to the Minimum Wage," 1984, p. 29.
14. Ibid., p. 32.
15. California Industrial Welfare Commission, "Budget for a Self-Supporting Working Woman," 1961, p. 7.
16. California Labor Code 1981, Section 1178.5, p. 95.
17. Powers, Yeftimovich, Miller, "Policy Issues Relating to the Minimum Wage," 1984, p. 33.
18. State of California Department of Industrial Relations, mimeo, "The California Necessities Index."
19. Diane Pearce, "The Feminization of Poverty: Women, Work and Welfare," *Urban and Social Change Review*, Winter 1978, p. 28.
20. Report of the Minimum Wage Study Commission, Vol. 1, 1981, p. 9.
21. Ibid., p. 12.
22. Ibid., p. 9.

23. Ibid., p. 12.
24. Ibid., p. 9.
25. Ibid., p. 20.
26. U.S. Bureau of the Census, *General Social and Economic Characteristics: California*, Section 1 of 2, 1980, p. 6-115.
27. Ibid., p. 6-114.
28. Ibid., p. 6-114.
29. Marlene Kim, "Women's Economic Agenda Project: Aiding Women, Workers and the Poor," *Labor Center Reporter*, September 1984.
30. Ibid.
31. Diane Pearce, "The Feminization of Poverty: Women, Work and Welfare," *Urban and Social Change Review*, Winter 1978, p. 28.
32. Ibid., p. 29.
33. Ibid., p. 28.
34. Ibid., p. 29.
35. Ibid., p. 30.
36. Ibid., p. 30.
37. Ibid., p. 30.
38. Ibid., p. 30.
39. Marilyn Power, "Falling Through the Safety Net: Women, Economic Crisis and Reaganomics," *Feminist Studies*, Spring 1984, p. 42.
40. Report of the Minimum Wage Study Commission, Vol. 1, 1981, p. 13.
41. Ibid., p. 12.
42. Ibid., p. 57.
43. Ibid., p. 48.
44. Ibid., p. 48.
45. John Henning, "Statement of Position on Minimum Wage Order Proposals Before the Industrial Welfare Commission, State of California," June 15, 1976.
46. Report of the Minimum Wage Study Commission, Vol. 1, 1981, p. 69.
47. Ibid., p. 83.
48. Ibid., p. 45.

BUDGET FOR A SELF-SUPPORTING WORKING WOMAN

BUDGET FOR A SELF-SUPPORTING WORKING WOMAN, CALIFORNIA, JUNE 1961

SUMMARY		Annual cost
Total		\$2,854.98
<i>Commodities and services</i>		* 2,334.90
Housing and household operations		570.80
Food		550.44
Clothing		283.90
Clothing upkeep		46.03
Medical, dental, and optical care		200.00
Insurance, savings, and emergencies		200.00
Transportation		175.88
Recreation, education, and reading material		166.36
Personal care		56.49
Miscellaneous		85.00
<i>Income and payroll taxes</i>		520.08
Federal income tax	\$395.00	
State income tax	10.88	
Federal Old-Age and Survivors' and Disability Insurance tax	85.65	
California Unemployment Compensation Disability Insurance tax	28.55	

* Includes state and city sales taxes and federal excise tax where applicable.

BUDGET FOR A SELF-SUPPORTING WORKING WOMAN

FOOD		Annual cost
Total		\$550.44
<i>Food at home</i>		<i>Weekly cost</i>
Weekly cost adjusted for 1 woman (based on U. S. Dept. of Agriculture moderate-cost food plan for a woman aged 35-54)		\$8.360
LESS value of food included in USDA food plan for lunches 5 days per week (25% of daily consumption 5 days per week = 17.857% of weekly allowance)		—1.493
Total weekly cost		6.867
Total annual cost (51 weeks) *		350.22
<i>Lunches at work</i>		
Lunch (sandwich, salad, milk) @ \$0.755 per lunch, 5 days per week		3.775
Sales tax (4%)		.151
Total weekly cost		3.926
Total annual cost (51 weeks) *		200.22

* Meals for one week are included in the vacation allowance.

BUDGET FOR A SELF-SUPPORTING WORKING WOMAN

CLOTHING

	<i>Annual allowance</i>	<i>Unit cost</i>	<i>Annual cost</i>
Total			\$283.90
Coat, heavy	½	\$30.76	15.38
Coat, light	½	23.21	11.60
Hat, felt	1	4.44	4.44
Hat, straw	1	4.60	4.60
Raincoat, plastic	1	3.60	3.60
Suit, wool	½	28.42	14.21
Skirt, wool	1	6.59	6.59
Jeans, cotton	½	3.29	1.10
Sweater, orlon cardigan	½	4.25	1.42
Blouse, cotton and synthetic blend (drip dry)	3	3.24	9.72
Dress, wool street	½	14.88	7.44
Dress, street (synthetic washable)	2	9.25	18.50
Dress, cotton street	2	8.72	17.44
Dress, afternoon or date	1	12.21	12.21
Housecoat, washable	½	3.87	1.94
Bathrobe, cotton chenille	½	4.96	2.48
Slip, nylon tricot	2	3.48	6.96
Nightgown, lightweight washable	1	4.55	4.55
Nightgown, flannelette	2	3.11	6.22
Panties, rayon tricot	4	.65	2.60
Girdle	3	6.90	20.70
Brassiere, cotton	3	1.43	4.29
Stockings, nylon everyday	24	.96	23.04
Stockings, nylon dress	3	.92	2.76
Anklets, cotton	2	.38	.76
Shoes, work	3	10.78	32.34
Shoes, dress	1	10.24	10.24
Shoes, casual	½	5.33	2.66
Bedroom slippers	½	3.04	1.52
Rain shoes (plastic)	½	2.18	1.09
Gloves, cotton fabric	2	1.95	3.90
Bathing suit	¼	9.53	2.38
Bathing cap	½	.92	.46
Handbag, winter	½	5.33	2.66
Handbag, summer	1	3.29	3.29
Umbrella	½	3.37	1.68
Miscellaneous clothing	Lump sum		7.00
State and city sales taxes (4½%)			12.70
Federal excise tax on handbags (10½%)			3.44

BUDGET FOR A SELF-SUPPORTING WORKING WOMAN

TRANSPORTATION

	<i>Annual cost</i>
Total	\$175.88
Local bus or streetcar fares (8 round trips per week for 51 weeks within limits of one transportation zone)	156.80
One round-trip per month by bus, outside the local area, of approximately 25 miles each way	* 19.08

* Includes federal excise tax.

MEDICAL, DENTAL, AND OPTICAL CARE

	<i>Annual allowance</i>
Total	\$200.00

INSURANCE, SAVINGS, AND EMERGENCIES

	<i>Annual allowance</i>
Total	\$200.00

BUDGET FOR A SELF-SUPPORTING WORKING WOMAN

RECREATION, EDUCATION, AND READING MATERIAL

	<i>Annual allowance</i>	<i>Unit cost</i>	<i>Annual cost</i>
Total			^a \$166.36
Vacation (7 days at an inexpensive private resort or municipal camp; per person cost at double occupancy rates; includes round-trip transportation)	1 week	Lump sum	66.00
19-inch portable television set and cart (life span of 5 years; purchased on installment plan over 24 months; cost shared equally by 2 women)	1½	^b \$231.95	23.20 per person
Repair of television set (shared equally by 2 women)	\$18.00	Lump sum	9.00 per person
Movies	8	1.15	9.20
Bowling (includes shoe rental)	6 evenings per year (3 games per evening)	1.67 per evening	10.02
Swimming (includes locker fee and transportation)	6 trips per year	.95 per trip	5.70
Other paid recreation	35 cents per week (for 52 weeks)	Lump sum	18.20
Newspaper subscription, daily and Sunday (shared equally by 2 women)		29.28 per year	14.64 per person
Magazines and books	20 cents per week (for 52 weeks)	Lump sum	10.40

^a Includes state and city sales taxes and federal excise tax where applicable.

^b Includes cost of television set (statewide average price \$178.94), carrying charges (\$33.64), and cart, outdoor antenna where required, and state and city sales taxes (\$19.37).