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THE FALLING MINIMUM WAGE

by Carlos Davidson and Tom Larson

"Even though I was working full time I didn't have enough money to rent an apartment. Then I started spending the nights sleeping on the city busses. I spent all of March this way living on the street."

The California Industrial Welfare Commission is required by law to set a minimum wage which is "adequate to supply the necessary cost of a proper living." But the current legal minimum of \$3.35 falls far short of providing such a standard of living. Today a full time minimum wage worker takes home less than \$6,000 a year. An adult who supports children can have a higher income living on a combination of welfare and AFDC.

The minimum wage was created to provide a living wage for self-supporting workers. Setting a minimum is an acknowledgment that the private market cannot guarantee a wage that will provide a decent standard of living. In the past, many employers have joined in supporting a minimum wage because it also served to prevent unfair competition based on substandard working conditions.

Mio Ping Lam, a garment worker in San Francisco, earns \$3.25 an hour; her husband earns \$400 a month. "At times we have had to go without heat because of the cost of utility bills." She said she and her husband would like to start a family but can't afford to raise children with their present income.

Since the late sixties the real value of the minimum wage has fallen drastically. Just to keep the same purchasing power as in 1968, the minimum wage today should be raised to \$5.31 an hour. The minimum wage has lost 17% of its purchasing power since 1981, when it was last increased.

Another way to look at the falling value of the minimum wage is to compare it with the state's average manufacturing wage. The California Labor Federation and some economists have long advocated that the minimum wage should be 50% of the manufacturing wage. In 1968 the minimum of \$1.65 an hour was almost 48% of the California manufacturing wage. Today the current minimum of \$3.35 represents less than a third of the manufacturing wage.

In order to determine what constitutes an adequate minimum wage the state Industrial Welfare Commission (IWC) in 1959 compiled a "Budget for a Self Supporting Working Woman." "Minnie's Budget," as it came to be known, listed necessary expenditures for food, housing, clothing, transportation and other items to maintain a minimum but adequate level of living for a single woman. Today, the contrast is stark between any reasonable low income budget and what the current minimum wage actually provides.

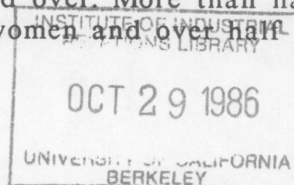
The California Labor Federation has calculated that in 1986 the Minnie's Budget would require an income of approximately \$850 a month. Full time take home pay for a single minimum wage earner is only \$467 a month. Housing alone can take most of that. In Los Angeles almost one in twelve of the city's estimated 30,000 to 50,000 homeless people, work full time at or below the minimum wage but can't afford housing.

Employers would have us believe that most minimum wage workers are teenagers working for pin money. The numbers tell a different story. For the U.S., in 1980, 70% of all workers at or below the minimum wage were 20 years old and over. More than half were over 25. Almost two thirds of all minimum wage workers are women and over half are men and women who have children.

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Every year at IWC hearings, employers argue that California businesses will not be able to compete if the California minimum wage is greater than the federal minimum. Outside of a few small border towns, this argument doesn't hold. Minimum wage workers are mostly in retail trade, restaurants and service industries that by nature don't have competitors outside the state. McDonald's doesn't need to worry about low wage competitors from Florida.

California law charges the Industrial Welfare Commission with setting and maintaining the adequacy of the minimum wage. The commission is composed of Deukmejian appointees, two representing employers, two representing labor and one public member. In 1982 and 1984 the commission held hearings, but evaded its legal responsibility to determine if the current minimum wage is adequate. Both times the public member joined with the employers and voted three to two against any increase in the minimum wage.

A coalition of eight labor, legal aid and social service organizations has gone to court to try to force the IWC to raise the minimum wage. Elodie Vandette and Mio Ping Lam along with two other minimum wage workers are named as petitioners in the appeal. The eight groups involved in the suit are the United Farmworkers Union, Women's Economic Agenda Project, Equal Rights Congress, Household Workers Rights, Coalition of California Welfare Rights Organizations, Californians for a Fair Share, Coalition for Economic Survival, and the Homeless Organizing Team. Presently the suit is in the state appeals court.

The IWC is currently holding hearings on the need for a review of the minimum wage. The next and last hearing will be in Sacramento, Friday October 17th, 10:00 am at 722 Capitol Mall. There will be no hearings on the minimum wage in September because the commission will be busy considering employer petitions to eliminate overtime pay for work after eight hours in a single day.

Ultimately, the commission's decision on whether or not to raise the minimum wage will effect the lives of hundreds of thousands of Californians working at the minimum wage. Many of these minimum wage workers are now in, or near, poverty because of the failing minimum wage.

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