

Chapter 2

The Right to a Living Wage

The Second Amendment

PROBLEM

While unemployment—both structural and cyclical—is one reason for the high level of poverty and inequality in the United States, another major reason is the amount of low-paying jobs that modern American capitalism creates. Currently, 28 percent of US jobs pay poverty wages, which is defined as earning less than what it takes for a full-time worker to lift a family of four out of poverty (\$11.06 an hour, or \$23,005 a year). Looking into the future, the economy in 2020 is scheduled to generate this same level of poverty jobs. Thus, there is not just a problem with finding a job, but with the quality of the job.¹

Today, we live in a globalized world where products are manufactured and transported anywhere in the world. This shift began in the 1970s when multinational corporations capitalized on transportation and communication improvements and began to move factories and plants to the Southern Hemisphere and to other regions where labor was cheap and unions were weak. This offshoring of jobs, combined with increased automation, devastated the American working class, as good-paying union jobs were reduced sharply. For example, in the manufacturing sector, where workers earned on average \$77,505 in 2012 the overall percentage of jobs decreased from 26 percent in 1969 to 9 percent by 2012. As jobs were shipped abroad, unions

were weakened at home. Add to that a business community that has fought union efforts to organize, and the result has been a precipitous drop in union membership from 35 percent of the overall workforce in the 1950s to 11.3 percent in 2013, and 6.7 percent in the private sector.²

What replaced many of these union jobs have been low-paying service jobs. *Low-wage work* is defined as work that earns an income below twice the poverty line. Earning twice the poverty rate the worker is not poor, but he or she struggles to make ends meet. Today, 103 million Americans, or one-third of the US population, live in a family with a household income below \$36,000. Incredibly, one-half of all jobs in the United States pay less than \$36,000 a year, while one-fourth of all jobs pay less than \$22,000, which is the poverty line for a family of four. Even the recovery that began in 2009 has not helped, as 58 percent of the jobs created over the past several years have been low paying. Today, the United States has the largest proportion of low-wage work in the industrialized world.³

Another reason that poverty level jobs have increased is that the minimum wage has not kept pace with inflation. If the minimum wage had been indexed to inflation in 1968, today's national minimum wage would be \$10.55; instead, it is \$7.25. Minimum wage has not been increased because conservatives and business interests like the Chamber of Commerce have worked against it in Congress. Over the past forty years, inflation kept rising, but years would go by without any increase in the minimum wage. During the ten-year stretch from 1997 to 2007, Congress did not raise the minimum wage at all, while over the past three years since the most recent federal increase, minimum wage has lost 50 cents in value.⁴

The overall result of the above changes has been devastating to the working and lower classes. In 1973, poverty was at 11 percent or 23 million people, which was the lowest level since measuring the federal poverty rate. By 2012, poverty hit a fifty-three-year high, with the numbers of people in poverty at their highest level since the collection of poverty statistics began. Today, 47 million people, or 15 percent of the population, live in poverty, including 16 million kids, which is more than one out of five. This high poverty rate ranks the United States second-highest in the industrialized world for childhood poverty, with only Romania having a higher percentage of poverty for kids. Dr. King's curious formula still works, as blacks in the United States have almost three times the poverty rate as whites. Today, 28 percent of African Americans live in poverty, compared to 10 percent of whites. Not surprisingly, King's curious formula also applies to Native Americans and Latinos, as their poverty rates are 26 percent and 25 percent, respectively.⁵

The poor and working class are not the only groups that are hurting. In 2011, median household incomes fell 1.5 percent, to \$50,054 a year; from 2007 to 2011, median household income declined by 8 percent. These changes have created a situation where all but the top incomes suffer. In

2011, the bottom 80 percent of incomes fell while the top 20 percent rose, with the top 1 percent increasing its household income by 6 percent. The income gap between poor and rich people has grown to its widest margin in more than forty years.⁶

SOLUTION

The solution to the “wrong” of poverty jobs is the right to a living-wage job. This right is based on the belief that if you work hard and play by the rules, you deserve a fair wage. Today, wages are not fair because many American who work full time still find it difficult to pay for the basics of rent, food, clothing, and transportation. If full-time workers are not able to pay for these basics, they are forced into government programs, such as food stamps and Medicaid. The right to a living-wage job is not anticapitalistic; rather, it fixes capitalism’s weakness of not producing enough living-wage jobs for all who want to work, solving the problem of poverty and excessive income inequality.

Some of the public policies that have been suggested to achieve this constitutional commitment of a right to a living wage have been collective bargaining, increasing the minimum wage, public works projects, guaranteed income programs, earned income tax credits, and cooperatives.