
MINIMUM WAGES: TOO HIGH, OR TOO LOW?

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" Come now, you rich, weep and howl for your miseries that are coming on you. Your riches are corrupted and your garments are moth-eaten. Your gold and your silver are corroded, and their corrosion will be for a testimony against you, and will eat your flesh like fire. You have laid up your treasure in the last days. Behold, the wages of the laborers who mowed your fields, which you have kept back by fraud, cry out, and the cries of those who reaped have entered into the ears of the Lord of Armies. You have lived delicately on the earth, and taken your pleasure…"

James 5:1-5a WEB

In his recent State of the Union address President Obama advocated raising the federal minimum wage from \$7.25 to \$9.00 per hour. Not such an earth-shaking proposal, is it? But proponents of austerity immediately attacked it as dangerous and unworkable, with claims that it will reduce the number of jobs available as small businesses become unable to afford these "highly" paid workers, or that these wage increases will set off another round of much-hated wage-price inflation. But is this proposal really as unreasonable as opponents make it sound?

Let's look at some facts. The proposed new wage would still leave people in poverty if they are the only wage earner in a family of four since they would earn approximately \$18,000 for 2,000 hours of work, while the poverty level for such a family is a bit over \$22,000 annually. So to escape from poverty these families will have to put other family members to work, sell off assets or refinance their mortgages (if they have one after the recent recession), or borrow on credit cards at high rates of interest. If these figures bother you, they should!

On the other income extreme we have CEOs raking down millions per year in salaries, bonuses, stock options and other perks. It wasn't too many years ago that CEOs received about 20 times the pay of their lowest workers, and in some more enlightened and less greedy countries they still do. Now the figure in the U.S. is often thousands of times what entry-level workers earn. What has happened?

Proponents of CEO stardom claim that such outlandish salaries are necessary to attract top talent. But one must wonder how much talent some of these "stars" have when they succeed in running their companies into the ground after a few years at the helm; then have the temerity to float into lives of genteel wealth under golden parachutes worth many more millions.

The problem here is that the same people earning these outlandish amounts are the same people who populate the executive compensation committees of other businesses. In other words it's the old "you scratch my back…" syndrome. But there's opposition arising in the form of stockholders demanding that corporate boards not give star-quality CEOs the funds rightfully belonging to workers and shareholders.

According to the web site Too Much for Feb. 18, 2013, even Switzerland, the bastion of high finance, has a ballot initiative set for March 3 "that would ban CEO signing bonuses and golden parachutes, require shareholder approval of all executive pay plans, and jail—for up to three years—any execs who violate the new rules." They don't know anything we don't, but they evidently have a higher moral development than we do concerning matters of economic fairness and a leveling of the playing surface for workers and average citizens.

If we're going to change minimum wages, then why not rein-in maximum wages also? Someday we will, but not quite yet because our political system remains responsive to the wishes of wealth and power and disturbingly less concerned with those of us not born into wealth or privilege.