PRO/CON: Should fast-food workers earn a living wage?
Source: James Sherk & Mark Weisbrot/McClatchy Tribune via www.newsera.com/December 6, 2013

PRO: Restaurant workers fighting for the vast underpaid majority

WASHINGTON – Walkouts and protests by fast-food workers demanding higher wages and collective bargaining rights began last November and spread to 60 cities nationwide at the end of August.

It is an inspiring grass-roots movement led by some of the nation's most underpaid employees, and should be supported by everyone who has a sense of fairness.

First let's dispense with some of the nonsense that people have been told about these workers: they are not mostly teenagers.

As my colleagues John Schmitt and Janelle Jones have shown, the majority are at least 23 and only 30 percent are teenagers. More than a quarter of them are raising at least one child.

How are they supposed to survive on about $9 an hour - their average wage - with many making the current federal minimum of just $7.25?

Obviously, they are not just there temporarily before advancing to higher-paying jobs with benefits: our deformed economy is not producing enough decent jobs to which they could move. In fact, nearly half of employed college graduates say that their jobs do not require a college degree.

Fast-food workers are suffering for the same reasons that the majority of employees have lost ground for decades: the rules of the economy have been rewritten against them.

It is not primarily "technological change" or "skills mismatches" that have caused the richest 1 percent of Americans to double their share of total income from 10 percent in 1980 to 20 percent in 2011. It is because the link between productivity growth - increasing output per employee – and wage growth has been broken. If even the federal minimum wage had increased with productivity and inflation since 1968 – as it had done in prior decades – it would be $17 per hour today instead of a meager $7.25.

The broken link between productivity and wages is due to the fact that most workers have lost bargaining power. And that is a result of deliberate "reforms," including:
The weakening of labor unions through changes in and non-enforcement of labor law;

International "trade" agreements that put most workers but not higher-paid professionals into more serious competition with lower-wage labor abroad;

And many other policy changes that redistribute income upward.

The result of these structural changes is an economy that has depended increasingly on consumer indebtedness and bubble-driven growth _ especially the huge stock market bubble of late '90s and the real estate bubble that followed after 2002. The collapse of the real estate bubble, which caused the Great Recession and the weak recovery since mid-2009, has further undermined workers' bargaining power.

The organization and collective action of fast-food workers, like that of the "Occupy Wall Street" movement, is another indication that the right-wing and neoliberal economic experiment of nearly 40 years has run its course. This kind of mass organizing around domestic economic issues has not been seen for a long time, perhaps since the Great Depression of the 1930s.

President Obama supports a higher minimum-wage but unfortunately didn't deliver on his campaign promise to push for the Employee Free Choice Act, which would go a long way to restoring workers' rights to form unions and bargain collectively.

Obama and his allies were just defeated in their efforts to drag the country into another military conflict, because Americans showed the Congress that they were sick and tired of senseless wars, and those who voted for another one would be held accountable. Maybe we should make these politicians understand that we are also sick and tired of an economy that delivers the goods to fewer and richer people each year, and leaves tens of millions of people struggling to get by. Then we might begin to reverse some of the wrongs here at home too.

**CON: A living wage will force chains to replace humans with robots**

WASHINGTON – Medieval doctors bled their patients with leeches. Far from improving their condition, it left them worse off. Raising the wages of fast-food workers to $15 an hour would produce similar results for those the proposal is intended to help.

In America, minimum-wage workers are better paid than the average worker in Mexico. Why? It's not because U.S. employers are more generous than their Mexican counterparts. Nor do Americans somehow deserve better pay.

American minimum-wage earners make more because they produce more. Better education and greater capital investment make American workers more productive, raising their earnings.

Competition forces businesses to pay workers according to their productivity. If companies pay less, their employees will jump ship to competitors. And if they pay workers more than they produce, they go out of business.
For better or worse, fast-food jobs are relatively low-productivity positions, typically filled by inexperienced workers. Most fast-food customers want a quick, inexpensive meal. They will not regularly pay premium prices for a burger and fries.

Doubling McDonalds’ wages would raise their total costs by 25 percent — well above profit margins. But raising prices would drive customers away.

If Congress mandated fast-food restaurants to pay $15 an hour, they would have to change operations to deliver the kind of productivity to justify those higher costs. That would mean replacing current workers with machines and hiring fewer, more skilled workers to maintain them.

Restaurants could do this in a variety of ways, such as using iPad kiosks instead of cashiers to take orders, or installing the new robotic burger flipper that makes up to 400 hamburgers an hour.

At current wages these high-tech investments make sense for only a few restaurants; if wages doubled they would become widespread. The end result: far fewer jobs in the fast-food industry and higher pay for those who remain.

Those who consider such a trade-off worthwhile miss the economic role of minimum-wage jobs. For most workers, they are entry-level positions where they can gain experience that makes them more productive and helps them command higher pay in their next job.

Businesses value skills like reliability, discipline and the ability to accept instructions. Fast-food jobs instill these basic skills in inexperienced workers.

Most Americans started out in a job paying within a dollar of the minimum wage. Few stay there long. The average fast-food employee stays at his or her restaurant for less than a year. These are simply gateway jobs, the first step on a career ladder. That is why the vast majority of fast-food workers are under the age of 25.

Super-sizing fast-food wages would eliminate many of these entry-level positions, making it harder for young people to land that all-important first job and start climbing the ladder of success.

Most policymakers recognize this. Not even the most liberal state has a minimum wage anywhere near $15 an hour. But American Samoa offers a case study of what would happen if the "living wage" lobby prevailed.

The island territory used to have a separate minimum wage because of its lower incomes. However, in 2007, Congress applied the U.S. minimum wage to Samoa. For the tiny Pacific Ocean nation this was the economic equivalent of $20 an hour.

It did not boost purchasing power, stimulate demand or raise living standards. Instead unemployment septupled to more than 35 percent.
The Samoan economy collapsed. The islands' governor begged Congress to suspend the wage hikes, pleading: "Our job market is being torched. Our businesses are being depressed. Our hope for growth has been driven away ... How much does our government expect us to suffer?"

Good intentions do not repeal the laws of economics. Requiring dramatically higher fast-food wages would eliminate hundreds of thousands of entry level jobs. This would no more help fast food workers than bleeding them with leeches.

Respond to one of the following prompts. Use the back of this paper.

1. Which article do you agree with the most? Why?
2. What compromise would you offer for this debate?
3. Choose a word, phrase, sentence, or paragraph from the article and respond to it.