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Hints of Progress for Labor in the United States

With Donald Trump sitting in the White House and right-wing Republicans controlling Congress, there is not much for labor to cheer about on the American national political scene. In addition, the overall prospect for union organizing does not look very good. Republicans are pursuing policies at both the national and state level to further erode union membership. But with all the bad news, there have been some important victories at the state and local levels that can perhaps lay the groundwork for gains nationally in future years.

The most important of these battles has been the drive for an increase in the minimum wage. The national minimum wage has been set at $7.25 an hour since 2009. In the intervening eight years, inflation has reduced its purchasing power by almost 17%. Measured by purchasing power, the current national minimum wage is more than 25% below its 1968 peak. That is a substantial decline in living standards for the country's lowest-paid workers.

However, the situation is even worse if we compare the minimum wage to productivity. From 1938, when a national minimum wage was first put in place, until 1968, it was raised in step with the average wage, which in turn tracked economy-wide productivity growth. If the minimum wage had continued to track productivity growth in the years since 1968, it would be almost $20 an hour today, more than two and a half times its current level. That would put it near the current median wage for men and close to the 60th percentile wage for women. This is a striking statement on how unevenly the gains from growth have been shared over the last half century.

The Obama administration tried unsuccessfully to make up some of this lost ground during his presidency. While it may have been possible in his first two years when the Democrats controlled Congress, higher priority was given to the stimulus, health care reform and financial reform. Once the Republicans regained control in 2010, increases in the minimum wage were off the table. Needless to say, it is unlikely (although not impossible) that the Trump administration will take the lead in pushing for a higher minimum wage any time soon.

Although the situation looks bleak nationally, there have been many successful efforts to increase the minimum wage in states and cities across the country in recent years. This effort has been led by unions, most importantly the Service Employees International Union (SEIU), whose "Fight for $15" campaign is pushing to make $15 an hour the nationwide minimum. The drive gained momentum with its endorsement by Bernie Sanders in his remarkable campaign for the Democratic presidential nomination last year. While Sanders was of course defeated for the nomination, his push for a $15 an hour minimum wage won the support of many voters. It is now a mainstream position within the national Democratic Party.

However, the action for the near term is at the state and local levels, where there have been many successes. There are now 29 states that have a minimum wage higher than the national minimum. The leader in this effort is California, which is now scheduled to have a $15 an hour minimum wage as of January 2022. With over 12% of the US population living there, this is a big deal. Washington State is not far behind, with the minimum wage scheduled to reach $13.50 an hour in January 2020. New York State's minimum wage will rise to $12.50 an hour at the end of 2020 and will be indexed to inflation in subsequent years.

Several cities have also jumped ahead with higher minimum wages. San Francisco and Seattle, two centers of the tech economy, both are set to reach $15 an hour for city mini-

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mums by 2020. Many other cities, including New York, Chicago and St. Louis have also set minimum wages considerably higher than the federal and state levels.

What has been most impressive about these efforts to secure higher minimum wages is the widespread support they enjoy. This is not just an issue that appeals to the dwindling number of union members and progressive sympathizers. Polls consistently show that higher minimum wages have the support of people across the political spectrum. Even Republicans support raising the minimum wage, and often by a large margin.

As a result of this support, minimum wage drives have generally succeeded in ballot initiatives when state legislatures or local city councils were not willing to support higher minimums. The last minimum wage increase in Florida was put in place by a ballot initiative that passed in 2004, even as the state voted for George W. Bush for president. Missouri, which has not voted for a Democratic presidential candidate in this century, approved a ballot initiative for a higher minimum wage in 2006. South Dakota, Nebraska and Arkansas, all solidly Republican states, approved ballot initiatives for higher minimum wages in 2014. In short, this is an issue where the public clearly supports the progressive position.

These increases in state and local minimum wages have meant substantial improvements in the living standards of the affected populations. In many cases, families are earning 20-30% more than they would if the minimum wage had been left at the federal minimum.

In addition, several states, including California, have also put in place measures to give workers some amount of paid family leave and sick days. While workers in Europe have long taken such benefits for granted, most workers in the United States cannot count on receiving paid time off. This is especially true for less-educated and lower-paid workers. In fact, employers in most states do not have to grant unpaid time off and can fire a worker for taking a sick day for themselves or to care for a sick child. So the movement towards requiring paid time off is quite significant for many workers.

This progress should be noted when thinking about the political situation and the plight of working people in the United States, but there are also two important qualifications that need to be added. The first is that there are clearly limits to how far it is possible to go with minimum wage increases before the job losses offset the benefits. Recent research has shown that modest increases can be put in place with few or no job losses, but everyone recognizes that at some point higher minimum wages will lead to substantial job loss. A higher minimum wage relative to economy-wide productivity was feasible in the past because the US had a whole range of more labor-friendly policies in place. In the absence of these supporting policies, we cannot expect the lowest-paid workers to get the same share of the pie as they did half a century ago.

The other important qualification is the obvious one: higher minimum wages do not increase union membership. The SEIU, the AFL-CIO and the member unions that have supported the drive for a higher minimum wage have done so in the best tradition of enlightened unionism. They recognize that a higher minimum wage can benefit a substantial portion of their membership, since it sets a higher base from which they can negotiate upward. Of course, it is also a policy that benefits the working class as a whole. For this reason, unions collectively have devoted considerable resources to advancing the drive to raise the minimum wage.

However, this has put a real strain on their budgets at a time when anti-union efforts are reducing the number of dues-paying members in both the public and private sectors. This will make it more difficult to sustain the momentum for raising minimum wages and mandating employer benefits. For this reason, the good news on the minimum wage must be tempered. It is a rare bright spot for labor in the United States in the last decade, but it will be a struggle to sustain the momentum in the years ahead.