

THE CITIZENS' VOICE

Minimum-wage workers quadrupled in state since 2003

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The number of minimum-wage workers in Pennsylvania quadrupled from 21,000 in 2003 to 87,000 in 2012, a jump of more than 300 percent.

Over the same period, base-wage employment nationwide expanded by 194 percent to 1.6 million workers, according to U.S. Department of Labor data.

The upswing reflects an acceleration in low-paying work from slow job growth, said Tom Runiewicz, a labor economist at IHS Global Insight, an economic forecasting and consulting business based near Denver.

"Coming out of this recession, we haven't really seen growth in employment numbers like we usually do," he said. "There's a lot more workers looking for jobs than there are jobs available. If the job market was tighter, you would see a lot less minimum-wage workers."

The advance in low-paying jobs occurs as profits skyrocket at many corporations employing legions of minimum-wage employees, according to the National Employment Law Project, a New York-based group that advocates for low-wage workers.

The group cites a report from the Wall Street Journal detailing record high corporate profits of \$1.75 trillion for the third quarter of 2012.

Few would dispute low-wage workers face challenges, but there's considerable debate over whether a raise in the minimum wage is the answer.

"In the end, it is a chilling effect on our job creators," said Sam Denisco, vice president for government affairs at the Pennsylvania Chamber of Business and Industry. "If we don't see job loss, we will certainly see a freeze in hiring."

An increase also would fuel a cycle of higher pay rates further up the income ladder, Denisco said.

"It is a trickle-up effect," he said. "You are artificially raising the wages of everyone."

Consumers would absorb the bill for an increase, some business leaders warn.

"As soon as you move the minimum wage, the cost of everything is impacted," said Joe Fasula, co-owner of Gerrity's Supermarket, which operates nine regional grocery stores. "It is really a Catch-22. It is a perceived improvement in their wage, but it is going to raise prices."

Opponents also cite studies concluding that minimum-wage increases kill jobs.

In a 2012 paper written for the Cato Institute, a libertarian think tank in Washington, D.C., economist Mark Wilson said evidence from job losses from minimum-wage increases date to its first implementation in 1938.

A 1995 study by the U.S. Congress Joint Economic Committee reviewed 50 years of minimum-wage research and found that increases boost the likelihood and duration of unemployment for low-wage workers, wrote Wilson, a former deputy assistant labor secretary under President George W. Bush. It also increased inflation, elevated the rate of job turnover and drove more employers to reduce benefits, the study concluded. Other economists draw the opposite conclusion.

A 2012 analysis by the Center for American Progress Action Fund, a public policy organization based in Washington, D.C., cited five academic studies that determined an increase in the wage had no significant effect on employment levels.

"The results are likely because the boost in demand and reduction in turnover provided by a minimum wage counteracts the higher wage costs," concluded the authors, William Lester, David Madland and Nick Bunker.

Aram Balagoyzyan, Ph.D., a economics professor at the University of Scranton, said studies that seek to gauge the impact of minimum wage hikes are limited by their methodology and must be viewed with some skepticism.

"It is very hard to separate out the effect of minimum wage on employment from among other factors that affect employment," Balagoyzyan said. Because of that, "economists have struggled to come down to an uncontroversial answer."

Personally, Balagoyzyan said he's not convinced that increasing the minimum wage is the answer. He said he believes a better alternative might be an expansion of tax breaks for low-wage workers, such as the Earned Income Credit.

"This policy is superior to the minimum wage because it does not lead to lower employment and there is no uncertainty about who bears the costs, it is taxpayers," he said.

Although the debate about an increase will continue into 2014, a groundswell of support improves the chances, said Silvers of the AFL-CIO.

For years, workers have had little bargaining power, which has given the upper hand to employers, he and other economists said. Many companies capitalize on strong competition for jobs by cutting pay rates, Runiewicz said.

"You get employers that are lowballing," he said. "They say, 'We have the pick of the market. We can offer what we feel,' which is toward the bottom."

That's begun to change as the economy recovers, Silvers said. That's emboldened employees to be more aggressive, including recent protests and strikes targeting Walmart and McDonald's.

"You've had a very high level of unemployment for years. This creates fear and a lack of power. People who work feel they have no choice but to accept an unfair arrangement in the work place," Silvers said. "If you get a little bit of life back in the economy, people not only have had enough, they think they can do something about it."