

## Smart Remarks: Return of the Gilded Age

By Gil Smart  
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Two weeks ago in this space I wrote of "Wal-Mart jobs," low-wage positions that are the only real employment category growing right now.

The insinuation that big employers like Wal-Mart ought to pay their workers more — and shareholders should accept a little less — brought the usual litany of complaints from conservatives. Wal-Mart's margin per employee is already thin, some pointed out; boosting employee pay would stretch it even thinner. The bottom line in this argument seemed to be that Wal-Mart has its business model, and if, in that model, employees have to accept wages that make it difficult to make ends meet — so be it.

It's an interesting argument. But I'm not sure how you base a prosperous society upon it.

For if the likes of the Walton family should grab whatever they can get, and workers simply have to take whatever wage is offered, it can only produce a society where the likes of the Waltons are up here — and everyone else, including you, is down there. In other words, it produces the society we now inhabit, where prosperity is concentrated at the very top, where income inequality has soared to a degree not seen since the Gilded Age.

It produces an economy where wages don't have to rise — and won't.

In this economy, with its continued structural weaknesses papered over via the Federal Reserve's electronic money printing, employers have the upper hand — and then some.

As John Cassidy reported in *The New Yorker* in September, once you factor in a dropping labor force participation rate — that is, people who have stopped looking for jobs because they can't find anything suitable — the unemployment rate rises to 11.3 percent.

People need jobs; those with a job want to hold on to it. So even as corporate profits soar, why would employers boost wages? Unless they're feeling particularly magnanimous, they don't have to. And you, the worker? You'll accept it, and like it. For if you don't, there's always someone else to take your place.

Small wonder that a record number of Americans are on the dole, which, according to a study by the libertarian Cato Institute, now pays better than minimum-wage jobs in 35 states.

Conservatives want to excoriate the welfare state for this. But isn't our ire better directed at the

companies that pay employees so little?

Yes, I accept the argument that a Wal-Mart decision to boost employee pay would erode the firm's profit margin, and ultimately could make its operations unprofitable.

But what conservatives must understand is that a populace with no buying power will not buy. Even Wal-Mart itself is discovering this, perhaps reaping what it has sown. In August the company reported a surprise decline in quarterly same-store sales.

If we're at a point where Wal-Mart employees themselves can't afford to shop at Wal-Mart, we're in a lot of trouble.

Understand, this is not a call for government action. Many progressives favor hiking the minimum wage. I would prefer to see a little enlightened self-interest on the part of the economic elite, a broader willingness to accept less, so that others might have more.

Economics is not a zero-sum game; but it is only by having more that consumers can spend more. Wage gains would be plowed back into the economy, creating demand — and rewarding both the workers and their bosses.

This is the path we were on for much of the 20th century, and it worked. It helped generate the broad-based prosperity we once knew. We forget now that there was once a time CEOs were embarrassed to make too much more than the average worker.

But the whole idea of what might be called deferred gratification went out the window long ago for our entire society. Why save for what you want when you can put it on the credit card now? Why should the CEO or shareholders take a few dollars less now to ensure the viability of the economy over the long haul? We want it and we want it now, baby. And you see what it's gotten us.

Gordon Gekko, the fictitious character in Oliver Stone's 1987 movie "Wall Street," famously intoned that "greed is good." Well, it can be. But a little bit of enlightened economic altruism can be even better.