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**A Maximum Wage Law?**

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I recently read about a cash-strapped seven-year Walmart employee in Louisiana who says she'd live in her car if she could figure out how to do it. Another Walmart employee claims that many Walmart "associates" actually do that to make ends meet, but it's really not an option for the 52 year-old "front-of-the-store" manager.

The Louisiana woman used to get by on her full-time, $11.60 per hour paycheck, but she's struggling now as a result of her store's decision to cut the hours of full-time workers and increase the hours of lower-paid, part-time workers. Many other Walmarts have done the same, helping America's largest employer emerge from two years of declining profits.

During the corporation's downturn Chief Executive Officer Michael Duke's total 2011 compensation was $18.7 million -- 725 times the wages of Walmart's average worker.

Walmart isn't the only company balancing its books on the backs of its workers, which is one reason why many corporations have turned the corner while more and more Americans hit hard by the recession are still out of work or working for minimum wage or close to it.

There is growing support for a bill in congress that would raise the minimum wage. The legislation would increase the wages of 30 million Americans and provide a much-needed boost for working families and our ailing economy.

While raising the minimum wage is a laudable goal, the widening income gap between the rich and the rest of us must be addressed if we are to salvage the bulwark of our economy -- the middle class.

America is becoming a country of "haves" and "have-nots." Most of the wealth generated by U.S. workers over the last 40 years has gone to the richest 1 percent of our nation, while the middle class has seen no real improvement in their buying power or standard-of-living. And things are getting worse for an increasing number of middle class families who are falling into poverty because of the Great Recession.

You don't have to be an economist to be alarmed by the financial chasm opening up between the rich and the rest of us.

The average CEO made 380 times the wage of the average American worker in 2011. In actual dollars, that comes to $34,053 for the worker, and $12.9 million for the CEO -- a wage disparity far greater than that of any other country.

The median individual wage in 2010 was just $26,364 -- which means that half of all workers made that much or less that year. Significantly, the average wage of all workers is going up because the incomes of the rich are going up; but median income is falling because of the continued erosion of the incomes of the middle class and working poor.

There doesn't seem to be any finish line in this race to the bottom. Big business worships at the altar of the "Free Market" which rewards those who, in effect, impoverish hardworking people to feed the insatiable appetite of the rich. This transfer of wealth to the rich from the poor and middle class is most evident in corporate America.

What can be done to deal with growing income inequality and close the astronomical divide between the billionaires and millionaires and the rest of America?

A maximum wage law.

A maximum wage law would limit the amount of compensation an employer could receive to a specified multiple of the wage earned by his or her lowest paid employees.

In other words, if federal law limited an employer's income to no more than 100 times the wage of his or her lowest paid workers, and, if, for example, those workers made $25,000 per year -- the employer would make no more than $2.5 million per year. The employer's compensation could not increase above that amount unless his or her lowest paid workers got an equivalent raise as well.

The idea is not unprecedented. In a time of massive domestic and economic distress, President Franklin Delano Roosevelt issued an executive order during World War II limiting corporate salaries to no more than $25,000 per year after taxes. The president believed that if middle class fathers, brothers, and sons were putting their lives on the line for just $60 per month, the rich should be required to make some sacrifice too.

FDR's maximum wage proposal was bold and brilliant. Believing that all citizens should help out with the mobilization effort, he refused to be bullied by the rich, and never lost sight of the fact that fair compensation and a thriving middle class are essential elements of a healthy economy -- particularly during a national emergency.

A maximum wage law would actually ensure that "a rising tide [would lift] all boats," and encourage competition while improving lives at every level of society.

The minimum wage certainly must be raised. It's also time to start a national discussion about creating a maximum wage law.

# Center for Labor Research and Education

# Food Day report analyzes how minimum wage hike would impact consumers, workers

* [**San Francisco Chronicle**](http://laborcenter.berkeley.edu/author/san-francisco-chronicle/)
* October 24, 2012

A new report released today by Restaurant Opportunities Centers, Food Chain Workers Alliance and The Food Labor Research Center (Wednesday, Oct. 24) in observation of national Food Day 2012 says that a proposal pending in U.S. Congress to raise the minimum wage would increase retail food prices for American consumers by at most 10 cents a day, while helping nearly 8 million food workers and 21 million workers in other industries.

Berkeley, CA (PRWEB) October 24, 2012

Berkeley — A new report released today (Wednesday, Oct. 24) in observation of national Food Day 2012 says that a proposal pending in U.S. Congress to raise the minimum wage would increase retail food prices for American consumers by at most 10 cents a day, while helping nearly 8 million food workers and 21 million workers in other industries.

The report from the recently established Food Labor Research Center, based at the University of California, Berkeley’s Center for Labor Research and Education, along with the Food Chain Workers Alliance and the Restaurant Opportunities Centers (ROC United) looks at the proposed “Fair Minimum Wage Act of 2012.” The act would represent the first increase in the non-tipped minimum wage in five years and the first in 21 years for tipped workers, who because they make $30 or more in tips a month, can be paid less than other workers.

“Food workers are some of the lowest-paid workers in America, and they face much higher levels of food insecurity than the rest of the U.S. workforce,” said Saru Jayaraman, director of the Food Labor Research Center. “Our report shows that raising the minimum wage would help them put food on the table while barely, if at all, impacting everyone else’s ability to put food on their tables, too.”

The report, “A Dime a Day: The Impact of the Miller/Harkin Minimum Wage Proposal on the Price of Food,” is authored by Jayaraman and Chris Benner, an associate professor of community and regional development at UC Davis. Jayaraman also is the co-founder and co-director of ROC-United.

The country’s food system is the largest employer of minimum wage workers, who hold positions ranging from agricultural field hands and food processing plant workers to cooks in diners and waiters in high-end restaurants.

The bill, introduced last summer by Congressman George Miller (D-Calif.) in the U.S. House of Representatives and Tom Harkin (D-Iowa) in the U.S. Senate, calls for incremental increases of 85 cents an hour for each of the next three years to raise the federal minimum wage from $7.25 per hour to $9.80 an hour. Similarly, this would raise the tipped minimum wage from its current $2.13 an hour to 70 percent of the full federal minimum wage.

“Raising the minimum wage at its core is about respecting and valuing work,” said Representative George Miller (D-Calif.). “No one who works hard every day and plays by the rules should live in poverty. It’s also good economic policy. Giving minimum wage workers a raise will help millions of working families make ends meet and help grow the economy.”

Jayaraman and Benner said that even if employers passed along 100 percent of the wage increase to consumers:

* Grocery store prices would increase less than half of 1 percent, on average, over the three-year phase-in of the new minimum wage
* Restaurant food prices would increase by less than 1 percent a year

The average U.S. household spends $3,827 a year on food eaten at home and another $2,634 on food eaten out. In real numbers, the researchers say, the price of a $20 restaurant meal would increase 45 cents over three years, and grocery bills would rise less than 3 cents per day. Conversely, non-tipped wages would increase by 33 percent, and tipped workers would see more than a 100 percent wage increase. Together, over the three years the law would need to fully take effect, these increases would translate into a cost of at most 10 cents more per day, on average, for American households.

The federal minimum wage for tipped workers has been frozen at $2.13 for 21 years, with 70 percent of the affected workers employed in the restaurant industry. Sixty-six percent of them are women. Employers are supposed to ensure that tips bring every employee to the full federal minimum wage, but data collected by ROC-United shows that this rarely happens.

According to the Economic Policy Institute, passage of the Miller/Harkin legislation would add $40 billion to the economy through higher wages, while adding 100,000 net jobs and increasing the Gross Domestic Product by roughly $25 billion.

“We rely on food system workers to bring our food to our tables – workers on farms and in food processing plants, warehouses, grocery stores, and restaurant and food service establishments,” said Joann Lo, executive director of the Food Chain Workers Alliance. “It’s a sad irony that food system workers rely on food stamps at one-and-a-half times the rate of the general workforce. Raising the minimum wage can help lift food workers, and workers in other industries, out of poverty.”

In conjunction with the release of “A Dime A Day,” and with Shannon Kuhn, a member of the Organic Consumers Association and a former restaurant worker, the Food Chain Workers Alliance and the Restaurant Opportunities Centers United are launching a consumer petition on SignOn.org calling on members of Congress to support the Miller/Harken Fair Minimum Wage Act. The petition also states that the signatories are willing to pay a dime a day extra for food so that millions of workers can benefit from the increased minimum wage. The petition is live at[**http://bit.ly/DimeADay**](http://bit.ly/DimeADay).

The report is available online at the following websites:
UC Berkeley Labor Center: [**http://laborcenter.berkeley.edu/**](http://laborcenter.berkeley.edu/)
Food Chain Workers Alliance: [**http://foodchainworkers.org/**](http://foodchainworkers.org/)
Restaurant Opportunities Center: [**http://rocunited.org/**](http://rocunited.org/)

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The Food Labor Research Center at the University of California, Berkeley conducts research and education on the wages and working conditions of workers along the food chain and the impact these conditions have not only on workers, but also on employers and consumers.

The Food Chain Workers Alliance is a national coalition of worker-based organizations whose members plant, harvest, process, pack, transport, prepare, serve, and sell food, organizing to improve wages and working conditions for all workers along the food chain and for a more sustainable food system.[**http://www.foodchainworkers.org/**](http://www.foodchainworkers.org/)

The Restaurant Opportunities Centers (ROC) United is a national restaurant workers’ organization with over 10,000 members in 19 cities nationwide. Founded initially after September 11th, 2001, by workers displaced from the World Trade Center, ROC conducts organizing, employer engagement, cooperative restaurant development, workforce development, and research and policy work. [**http://www.rocunited.org**](http://www.rocunited.org/)