



3-13-2014

Putting a Human Face on the Minimum Wage

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Fee, Christopher. "Putting a Human Face on the Minimum Wage." MarketWatch.com (March 13, 2014).

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Abstract

What is a “livable wage,” and should we strive to raise wages for American workers?

There are lots of conflicting studies and reports. The Congressional Budget Office projects that an increase in the minimum wage from \$7.25 an hour to \$10.10 an hour would eliminate 500,000 jobs while raising the incomes of nearly 17 million Americans.

Even prominent economists like David Card and David Neumark diametrically disagree on the likely consequences of raising the minimum wage, and their studies of results in New Jersey have consistently yielded conflicting results for decades. [*excerpt*]

Keywords

Minimum Wage, Poverty Level, Living Wage, Employment, Income Gap

Disciplines

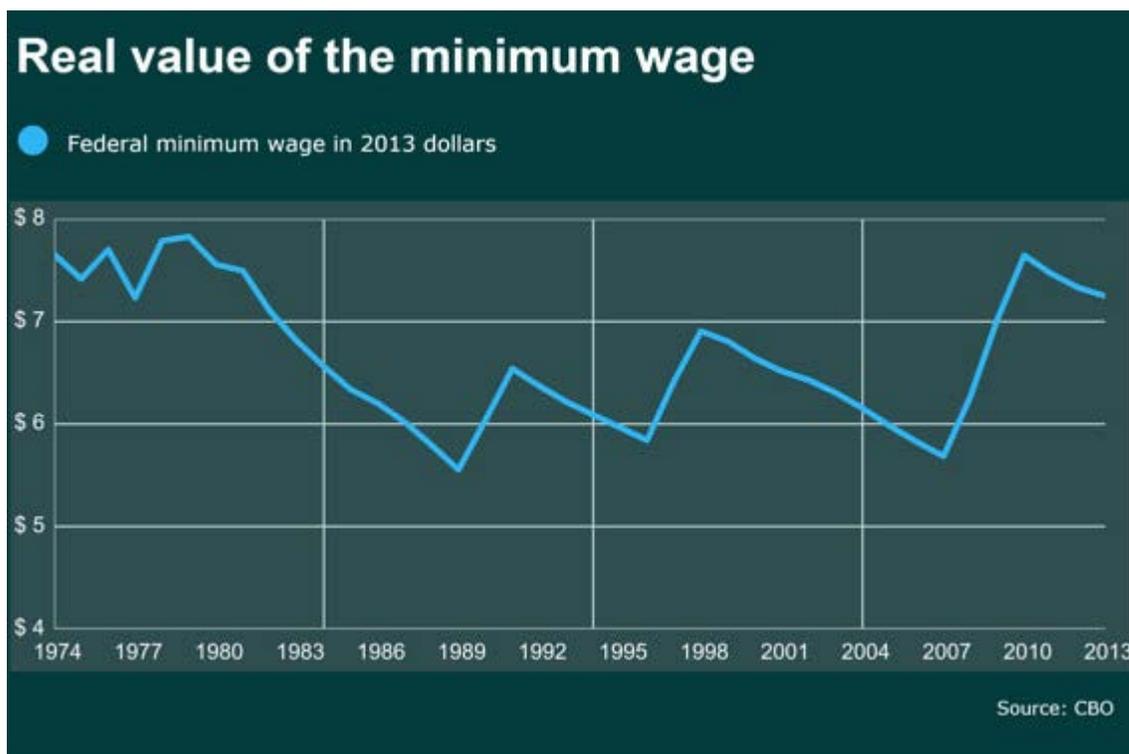
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Putting a Human Face on the Minimum Wage

By [Christopher Fee](#)

Published: Mar 13, 2014 6:30 a.m. ET

Opinion: What it means when you don't earn a living wage



The inflation-adjusted value of the federal minimum wage fluctuates, but is now lower than it was in the late 1970s.

What is a “livable wage,” and should we strive to raise wages for American workers?

There are lots of conflicting studies and reports. [The Congressional Budget Office projects](#) that an increase in the minimum wage from \$7.25 an hour to \$10.10 an hour would eliminate 500,000 jobs while raising the incomes of nearly 17 million Americans.

Even prominent economists like [David Card](#) and [David Neumark](#) diametrically disagree on the likely consequences of raising the minimum wage, and their studies of results in New Jersey have consistently yielded conflicting results for decades.

More recently, further experience in states such as Washington seem to belie fears that raising wages costs jobs. Furthermore, contrary to the argument that a wage hike would hurt small business, a recent survey shows [small-business owners support an increase](#). Finally, data shows that increasing the minimum wage would cost consumers much less than some predict, probably on the order of a little more than \$10 a year for the average shopper.

Obama Congratulates the Gap In Person

(1:55)

President Barack Obama visited a Gap store in New York City to congratulate the company on raising wages for its U.S.-based employees. He said this would foster greater employee loyalty, increase productivity and attract more customers. Photo: AP

For the sake of argument, however, let's assume that there would be some penalties for raising the minimum wage. Let's say that we should just allow market forces to dictate wage levels.

Now let's attach a human face or two to the issue, so we can see how wage inequality plays out in the real world.

The fact is that many Americans struggle to get by on far less than the minimum wage, and my students and I often meet such "working poor" folks in our local soup kitchen and homeless shelters.

Here are two case studies from my local community:

- Jane (not her real name) is living in an emergency homeless shelter after losing her job at a local hotel when the ownership changed. She got behind on her rent and was evicted. She works in food service and recently got two part-time jobs.

Wall Street Average Bonus Up 15% in 2013

(2:13)

Wall Street bonuses are expected to have risen 15% last year, with recent figures boosted by compensation deferred from prior years. WSJ's Julie Steinberg reports on MoneyBeat. Photo: Getty Images.

Her job skills are directly related to the tourist industry, so when the visitors don't come — such as during this harsh winter — she doesn't work. She is not looking for an apartment — as that would be out of reach — but would love to live in a rented room.

Jane needs \$800 to cover the security deposit and the first month's rent. She doesn't have the money and uses most of her earnings on her expenses, so she is afraid she

will be on the street when the emergency cold-weather shelter closes at the end of March.

- Joe, a daily regular at our local soup kitchen I remember serving for years, died on Ash Wednesday. He fell half a block from the kitchen, and soon went into a coma and died, despite the presence of paramedics and friends.

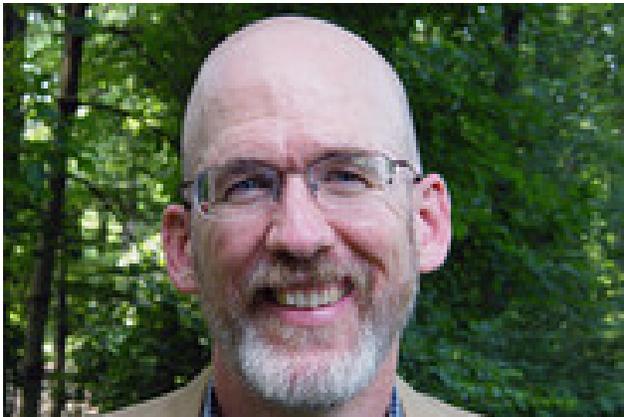
He worked as a dishwasher, and was a very polite guy with an inherent dignity: he was always quiet and always grateful. His housing was pretty basic; he was a lodger in a rented room.

Joe never married and was a veteran. According to friends, he never went to the doctor. Joe's experience indicates the kind of lifestyle the current minimum wage affords, even to a very faithful guy, one who proudly served his country in the military. He was 45.

These are good, hard-working folks we're talking about: I was raised to believe that one should offer a fair day's wage for a fair day's labor. This is hardly left-wing radicalism; far from it. It is, rather, a traditional American value.

Isn't it more moral to pay a fair wage to somewhat fewer employees than to allow millions of hard-working folks to struggle on starvation wages?

According to the [MIT Living Wage Calculator](#), a single adult working full-time in my rural Pennsylvania county would need to earn at least \$8.25 an hour to get by; the minimum wage is \$7.25. For a family of four with one adult working full-time, \$16.83 an hour would be a livable wage. In an urban center such as Philadelphia, the livable wages would of course be higher: \$10.09 for a single adult and \$19.64 for a family of four.



Christopher Fee

Paying a livable wage is simple justice.

Adam Smith's invisible hand of the marketplace is a rational way to attempt to understand market forces, not a coherent moral philosophy for dictating social policy.

Raising the minimum wage in the direction of a livable level is one step in the direction of doing what is right by the average American laborer.

It is not a handout. Fair is fair.

<http://www.marketwatch.com/story/putting-a-human-face-on-the-minimum-wage-2014-03-13>