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USA minimum wage at seventy year low!

70 years of capitalist progress?

Anarcho

November 4, 2005

In America, the Republican dominated Senate has just rejected a proposal to increase the minimum wage from \$5.15 to \$6.25 an hour. This would have been the first increase since 1997. Since that last increase, Senators have voted themselves seven pay raises totalling \$28,000 per year. As it stands, they earn \$162,100 a year and enjoy numerous perks like health insurance, pensions and expenses.

During the Great Depression of the 1930s, unskilled and non-unionised workers building the (government funded) Hoover Dam got 50 cents an hour from the government. This translates to \$7.89 per hour in today's money. In other words, the Republican politicians have decided that America's workers should get a minimum wage 35% lower than workers 70 years ago in the height of the worse economic crisis capitalism has faced. The Democrats, who proposed the increase, are more generous and think workers should get 21% less.

The standard argument against a minimum wage is that it causes unemployment by raising the price of labour above its market level.

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Ignoring the dubious theoretical and empirical basis for this claim, what this argument says is that the minimum market wage of blue collar workers in America (who make up 70% of the workforce) has to be substantially less, in real terms, than that in the 1930s. So much for 70 years of economic progress!

Two conclusions are obvious. Firstly, workers cannot rely on the generosity of politicians if they want decent wages — they need to organise themselves and fight for them. Secondly, that capitalism needs to go.