


Isegora Briefs

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Prepared by the Isegora Briefs Team



**“Promoting equal
opportunity in
debate through
accessible resources
for all”**

September/October 2024

Resolved: The United States ought to require that workers receive a living wage.

Notes

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Topic Analysis

Topic Analysis – Brendan Finnegan

1 – Intro

1.1 – Topicality

1.1.1 – Workers

Cambridge defines a worker as “someone who works in a particular job ... for a company or organization but does not have a powerful position[.]” This definition would indicate that the resolution does not entail providing freelancers or people without jobs a living wage as these people do not work for a “company or organization.” This makes me wonder if negatives could exploit this definition as a major hole in the aff because there would be millions of unemployed people who would be left in the dust by the aff. This definition also leaves me to think that the aff can not be a Universal Basic Income or a Federal Jobs Guarantee because the government would only be allowed to help people employed by companies (of course the aff may be able to provide a UBI for just employed people, but that seems ridiculous). The overall takeaway, should be that the aff can only change the wage for people employed by companies, thereby causing some people – i.e. freelancers – to be ignored.

1.1.2 – Living Wage

What a living wage is, will be the most debated definition in the resolution. The overall view is that it “provides individuals with enough income to support themselves without falling below the federal poverty line.” How this is determined or what this looks like is up for debate. A common tool that comes up in the literature is the MIT Living Wage Calculator which calculates an appropriate living wage based on various factors like a person’s family size or location; numerous calculators like this exist and it is likely that aff’s will defend one – on the other hand, I think negatives could criticize an aff for their investment in big data systems due to systemic biases that are often overlooked. The literature doesn’t only say that family size or location should be a deciding factor in a living wage; it often talks about adapting with inflation. The national minimum wage established in 2009 has lost tremendous value over the past 15 years, but a living wage would have allowed the value to stay the same by adapting

with inflation, thereby ensuring that people are not being paid less and less in terms of value. A minimum wage is not a living wage but a living wage uses a minimum wage – the only difference is that a living wage is often higher and adapts to the environment to ensure people can live comfortably.

1.1.3 – Subsets

In my understanding, aff's probably aren't semantically allowed to use subsets to prove the resolution true because 1) 'workers' is a generic plural in the resolution which indicates that it needs to be proven entirely to prove the resolution true and 2) aff's probably can't use subsets because then they wouldn't be requiring something entirely which would not in fact meet the burden of 'requiring.' Of course, there still is an argument to be made that pragmatics should come first and that subsets would be good for debate.

1.2 – Background

1.2.1 – History

The US has never had a living wage (nationally), but they have a history of having a minimum wage. During the great depression, a minimum wage of \$0.25/hour was set. It was raised to \$1.60/hour in 1968 and set to the current rate of \$7.25/hour in 2009. Despite only having a minimum wage on the national level, Baltimore established a living wage in the 1990s that continues to be tracked. About 120 cities in the US also have a living wage – there is not a lot of information on the, but it may be worth checking out.

1.2.2 – Examples

The concept of a living wage is not too prevalent around the world, unfortunately. Australia is probably the best example of a living wage, having a one since 2007 that increases every year based on an analysis by the Fair Work Commission.

2 – Affirming

2.1 – Inequality

I predict that this will be one of the most common aff arguments; the majority of affirmative debaters are going to talk about how a living wage is key to overcoming inequality in the country right now because it ensures that people are able to keep up with growing economic pressures that we hear about everyday. I think this argument is pretty self explanatory so I will leave it at that

2.2 – Economy

Debaters interested in big stick arguments are going to want to look here. I think a strong argument to be made on the aff is that a living wage is key to a strong economy by empowering the people to invest back into the economy. This will allow debaters to access big impacts re like economic stagflation where the economy is falling behind and therefore falling apart. Solvency may be harder to prove for an argument like this but there is certainly an argument to be made.

2.3 – Unions

I think that there are a lot of arguments around unions that can be made. For starters, a living wage could empower unions by giving them a legal basis to fight for higher wages (for instance, a union could claim that a wage is not good enough for a living, therefore the respective company needs to pay more). Empowering unions could allow debaters to access a variety of impacts like addressing inequality or promoting democracy which could be used for a variety of angles from soft-left aff's to big stick extinction level aff's. Empowering unions isn't the only argument to made; aff's could also say they are the action that meets worker demands for a living wage – this in turn could link to impacts like democracy by showing support for what the people want.

2.4 – Omnilateral Will (Kant)

There is certainly an argument to be made using Kant's omnilateral will. Debaters could say that a living wage is needed for universalizability because a living wage would ensure that people are able to become more autonomous and people would be treated as an end instead of a means (because they would be paid what they are worth (arguably)).

2.5 – Subsets

During the topicality section of this topic analysis I did say that subsets are probably semantically incorrect, but it doesn't mean that aff's can't try to say that it is good for debate under a pragmatic approach. With this in mind, I think it could be worthwhile for aff's to specify specific industries to guarantee a living wage in. For instance, aff's could specify the steel sector as a way to strengthen the American steel industry for whatever terminal impacts are appropriate. Though it would likely require an intense T debate, running a plan that specifies a subset may be a smart choice to wiggle out of big DA's like inflation.

3 – Negating

3.1 – Economy

Economic arguments are by far the strongest claims for the negative to make. There is a lot of evidence on wage increases hurting the economy. Negatives can say that businesses will have to fire employees and raise prices to compensate for the higher wage requirements or small businesses will be extremely hurt by the new wage requirements – both arguments will allow for an economic downturn internal link that can be used for big stick impacts or even turn affirmatives that have to do with supporting the economy or reducing economic inequality. There's not much to say; the argument is just a matter of "the economy is good now, the aff wrecks the economy with a living wage, a wrecked economy is bad for XYZ reasons."

3.2 – Capitalism Kritik

As simple as it is, the Cap K is going to be a very common and strategic argument for debaters to use on this topic. The link is going to be simple; it will say that the aff is not extreme enough in combating capitalism and, instead, reifies the system because it gives workers an incentive to continue working in the abusive system instead of revolting against it. The K will allow negative debaters to turn common aff arguments on big stick economic issues and economic inequality because they can easily win that capitalism is a root cause of those harms.

3.3 – Elections DA

With the 2024 presidential election around the corner, negatives can argue that the extremeness or shorthand effects of a living wage would cause voters to change their minds and vote for Trump instead of Harris. This would cause the election to go to Trump instead of Harris therefore leading to a plethora of impacts such as harm to democracy, climate change, or international tension because of a Trump presidency.

3.4 – Offshoring

A strong argument for aff's to make is that companies would circumvent the affirmative by moving their work to other countries with lower labor standards to avoid having to pay a living wage. This could lead to worse working conditions for people in other countries or it could damage American industry. This argument would be a strong way to attack affirmative solvency.

4 – Closing Thoughts

I'm not too excited about this topic and I'm worried that many debates are going to end up being bland due to a lack of literature and diversity of arguments to be made. I hope that debaters are able to find unique ways to interpret the topic and argue for and against a living wage to ensure that every debate round is not the same.

Affirmative Evidence

Plans

PLAN: The United States ought to pass the Raise the Wage Act of 2023.

Library of Congress 2023 [“Text - S.2488 - 118th Congress (2023-2024): Raise the Wage Act of 2023.” Congress.gov, Library of Congress, 25 July 2023, <https://www.congress.gov/bills/118th-congress/senate-bill/2488/text>.]

118th CONGRESS 1st Session S. 2488 To provide for increases in the Federal minimum wage, and for other purposes. IN THE SENATE OF THE UNITED STATES July 25, 2023 Mr. Sanders (for himself, Mrs. Murray, Ms. Baldwin, Mr. Blumenthal, Mr. Booker, Mr. Brown, Ms. Cantwell, Mr. Cardin, Ms. Duckworth, Mr. Durbin, Mrs. Feinstein, Mr. Fetterman, Mrs. Gillibrand, Ms. Hirono, Mr. Kaine, Ms. Klobuchar, Mr. Markey, Mr. Merkley, Mr. Murphy, Mr. Padilla, Mr. Peters, Mr. Reed, Mr. Schatz, Ms. Smith, Ms. Stabenow, Mr. Van Hollen, Ms. Warren, Mr. Welch, Mr. Whitehouse, and Mr. Wyden) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions A BILL To provide for increases in the Federal minimum wage, and for other purposes. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, SECTION 1. Short title. This Act may be cited as the “Raise the Wage Act of 2023”. SEC. 2. Minimum wage increases. (a) In general.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows: “(1) except as otherwise provided in this section, not less than— “(A) \$9.50 an hour, beginning on the effective date under section 7 of the Raise the Wage Act of 2023; “(B) \$11.00 an hour, beginning 1 year after such effective date; “(C) \$12.50 an hour, beginning 2 years after such effective date; “(D) \$14.00 an hour, beginning 3 years after such effective date; “(E) \$15.50 an hour, beginning 4 years after such effective date; “(F) \$17.00 an hour, beginning 5 years after such effective date; and “(G) beginning on the date that is 6 years after such effective date, and annually thereafter, the amount determined by the Secretary under subsection (h);”. (b) Determination based on increase in the median hourly wage of all employees.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) is amended by adding at the end the following: “(h) (1) Not later than each date that is 90 days before a new minimum wage determined under subsection (a)(1)(G) is to take effect, the Secretary shall determine the minimum wage to be in effect under this subsection for each period described in subsection (a)(1)(G). The wage determined under this subsection for a year shall be— “(A) not less than the amount in effect under subsection (a)(1) on the date of such determination; “(B) increased from such amount by the annual percentage increase, if any, in the median hourly wage of all employees as determined by the Bureau of Labor Statistics; and “(C) rounded up to the nearest multiple of \$0.05, if the amount after applying subparagraphs (A) and (B) is not a multiple of \$0.05. “(2) In calculating the annual percentage increase in the median hourly wage of all employees for purposes of paragraph (1)(B), the Secretary, through the Bureau of Labor Statistics, shall compile data on the hourly wages of all employees to determine such a median hourly wage and compare such median hourly wage for the most recent year for which data are available with the median hourly wage determined for the preceding year.”. SEC. 3. Tipped employees. (a) Base minimum wage for tipped employees and tips retained by employees.—Section 3(m)(2)(A)(i) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)(i)) is amended to read as follows: “(i) the cash wage paid such employee, which for purposes of such determination shall be not less than— “(I) for the 1-year period beginning on the effective date under section 7 of the Raise the Wage Act of 2023, \$6.00 an hour; “(II) \$8.00 an hour, beginning 1 year after such effective date; “(III) \$10.00 an hour, beginning 2 years after such effective date; “(IV) \$12.00 an hour, beginning 3 years after such effective date; “(V) \$13.50 an hour, beginning 4 years after such effective date; “(VI) \$15.00 an hour, beginning 5 years after such effective date; “(VII) \$17.00 an hour, beginning 6 years after such effective date; and “(VIII) for each succeeding 1-year period after the increase made pursuant to subclause (VII), the minimum wage in effect under section 6(a)(1); and”. (b) Tips retained by employees.—Section 3(m)(2)(A) of the Fair

Labor Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)) is amended— (1) in the second sentence of the matter following clause (ii), by striking “of this subsection, and all tips received by such employee have been retained by the employee” and inserting “of this subsection. Any employee shall have the right to retain any tips received by such employee”; and (2) by adding at the end the following: “An employer shall inform each employee of the right and exception provided under the preceding sentence.”. (c) Scheduled repeal of separate minimum wage for tipped employees.— (1) TIPPED EMPLOYEES.—Section 3(m)(2)(A) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)), as amended by subsections (a) and (b), is further amended by striking the sentence beginning with “In determining the wage an employer is required to pay a tipped employee,” and all that follows through “of this subsection.” and inserting “The wage required to be paid to a tipped employee shall be the wage set forth in section 6(a)(1).”. (2) PUBLICATION OF NOTICE.—Subsection (i) of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206), as added by section 5 and amended by section 6(b)(1), is further amended by striking “or in accordance with subclause (II) or (III) of section 3(m)(2)(A)(i).”. (3) EFFECTIVE DATE.—The amendments made by paragraphs (1) and (2) shall take effect on the date that is 1 day after the date on which the hourly wage under subclause (VIII) of section 3(m)(2)(A)(i) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)(2)(A)(i)), as amended by subsection (a), takes effect. (d) Penalties.—Section 16 of the Fair Labor Standards Act of 1938 (29 U.S.C. 216) is amended— (1) in the third sentence of subsection (b), by inserting “or used” after “kept”; and (2) in the second sentence of subsection (e)(2), by inserting “or used” after “kept”. **SEC. 4. Newly hired employees who are less than 20 years old.** (a) Base minimum wage for newly hired employees who are less than 20 years old.—Section 6(g)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)(1)) is amended by striking “a wage which is not less than \$4.25 an hour.” and inserting the following: “a wage at a rate that is not less than— “(A) for the 1-year period beginning on the effective date under section 7 of the Raise the Wage Act of 2023, \$6.00 an hour; “(B) for each succeeding 1-year period until the hourly wage under this paragraph equals the wage in effect under section 6(a)(1) for such period, an hourly wage equal to the amount determined under this paragraph for the preceding year, increased by the lesser of— “(i) \$1.75; or “(ii) the amount necessary for the wage in effect under this paragraph to equal the wage in effect under section 6(a)(1) for such period; and “(C) for each succeeding 1-year period after the increase made pursuant to subparagraph (B)(ii), the minimum wage in effect under section 6(a)(1).”. (b) Scheduled repeal of separate minimum wage for newly hired employees who are less than 20 years old.— (1) IN GENERAL.—Section 6(g) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)), as amended by subsection (a), shall be repealed. (2) PUBLICATION OF NOTICE.—Subsection (i) of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206), as added by section 5 and amended by sections 6(b)(1) and 3(c)(2), is further amended by striking “or subparagraph (B) or (C) of subsection (g)(1).”. (3) EFFECTIVE DATE.—The repeal and amendment made by paragraphs (1) and (2), respectively, shall take effect on the date that is 1 day after the date on which the hourly wage under subparagraph (C) of section 6(g)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(g)(1)), as amended by subsection (a), takes effect. **SEC. 5. Publication of notice.** Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206), as amended by section 2(b), is further amended by adding at the end the following: “(i) Not later than 60 days prior to the effective date of any increase in the required wage determined under subsection (a)(1) or subparagraph (B) or (C) of subsection (g)(1), or in accordance with subclause (II) or (III) of section 3(m)(2)(A)(i) or section 14(c)(1)(A), the Secretary shall publish in the Federal Register and on the website of the Department of Labor a notice announcing each increase in such required wage.”. **SEC. 6. Promoting economic self-sufficiency for individuals with disabilities.** (a) Wages.— (1) **TRANSITION TO FAIR WAGES FOR INDIVIDUALS WITH DISABILITIES.**— Subparagraph (A) of section 14(c)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)(1)) is amended to read as follows: “(A) at a rate that equals or exceeds, for each year, the greater of— “(i) (I) \$5.00 an hour, beginning on the effective date under section 7 of the Raise the Wage Act of 2023; “(II) \$7.50 an hour, beginning 1 year after such effective date; “(III) \$10.00 an hour, beginning 2 years after

such effective date; “(IV) \$12.50 an hour, beginning 3 years after such effective date; “(V) \$15.50 an hour, beginning 4 years after such effective date; and “(VI) the wage rate in effect under section 6(a)(1), beginning 5 years after such effective date; or “(ii) if applicable, the wage rate in effect on the day before the date of enactment of the Raise the Wage Act of 2023 for the employment, under a special certificate issued under this paragraph, of the individual for whom the wage rate is being determined under this subparagraph.”. (2) PROHIBITION ON NEW SPECIAL CERTIFICATES; TRANSITION ASSISTANCE.— (A) IN GENERAL.—Section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)) is amended by adding at the end the following: “(6) PROHIBITION ON NEW SPECIAL CERTIFICATES.— Notwithstanding paragraph (1), the Secretary shall not issue a special certificate under this subsection to an employer that was not issued a special certificate under this subsection before the date of enactment of the Raise the Wage Act of 2023. “(7) TRANSITION ASSISTANCE.—Upon request, the Secretary shall provide— “(A) technical assistance and information to employers issued a special certificate under this subsection for the purposes of— “(i) assisting such employers to comply with this subsection, as amended by the Raise the Wage Act of 2023; and “(ii) ensuring continuing employment opportunities for individuals with disabilities receiving a special minimum wage rate under this subsection; and “(B) information to individuals employed at a special minimum wage rate under this subsection, which may include referrals to Federal or State entities with expertise in competitive integrated employment.”. (B) EFFECTIVE DATE.—The amendments made by this paragraph shall take effect on the date of enactment of this Act. (3) SUNSET.—Section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)), as amended by paragraph (2), is further amended by adding at the end the following: “(8) SUNSET.— Beginning on the day after the date on which the wage rate described in paragraph (1)(A)(i)(VI) takes effect, the authority to issue special certificates under paragraph (1) shall expire, and no special certificates issued under paragraph (1) shall have any legal effect.”. (b) Publication of notice.— (1) AMENDMENT.—Subsection (i) of section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206), as added by section 5, is amended by striking “or section 14(c)(1)(A)”. (2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on the day after the date on which the wage rate described in paragraph (1)(A)(i)(VI) of section 14(c) of the Fair Labor Standards Act of 1938 (29 U.S.C. 214(c)), as amended by subsection (a)(1), takes effect. SEC. 7. General effective date. Except as otherwise provided in this Act, this Act and the amendments made by this Act shall take effect on the first day of the third month that begins after the date of the enactment of this Act.

PLAN: the United States ought to establish wage boards.

Madland 2018 [Madland, David. [David Madland is a senior fellow and the senior adviser to the American Worker Project at American Progress.] “Wage Boards for American Workers.” Center for American Progress, 2018, www.americanprogress.org/article/wage-boards-american-workers/.]

There are many ways to achieve a bargaining system where most bargaining is done above the level of the firm. However, the system that makes the most sense for the United States would build on the wage board model that currently exists in several states including California and New York. In the proposed system, representatives of workers, businesses, and the public would form a panel with the power to set minimum workplace standards for industries, regions, and occupations. Because union power has been eroded by decades of attacks, a tripartite system is necessary to bring all parties to the table. As worker organizations gain strength, however, the wage board system could evolve so that more bargaining takes place directly between representatives of workers and groups of firms. The basic goal for these panels would be to foster negotiations about how much of industry revenues should go to workers versus employers and then set standards to help achieve these levels. The panels would set minimum wages for jobs across an industry as well as wage scales requiring higher pay for greater skills or experience. The wage board could also set minimum benefit and scheduling requirements as well as profit sharing requirements. Panels could go above the legislated standards, such as the minimum wage,

but not below. Indeed, if a \$15 minimum wage were legislated, wage boards could be used to determine whether it could be phased in more quickly in some industries or regions.³⁵ Standards that panels set would be floors. Individual workers and firm-level unions could negotiate for improvements but could not go below set minimums. Similarly, state and local governments could set higher standards. All workers in an industry would be covered whether they were employees or independent contractors and whether or not they were unionized. Only by including independent contractors can wage boards cover all workers and ensure that standards are not undercut. Wage board standards would include a premium for independent contractors to compensate for the additional costs that independent contractors bear—such as employer-side payroll taxes—and to minimize incentives for employers to cheat by classifying employees as independent contractors.³⁶ Only the wages of poorly paid and relatively powerless independent contractors would be directly impacted by the wage board, as many independent contractors already negotiate with their clients for higher pay rates than those of an employee doing similar work.³⁷ Wage boards' ability to set base pay levels above the legislated minimum wage and higher wage scales for particular skills, as well as benefit and scheduling standards and profit sharing requirements, ensures that they can help improve working conditions for both middle- and low-income workers. A stripped-down version of this model recently occurred in New York state's fast food industry, where representatives of workers, employers, and the public came together to evaluate the industry and set a \$15 minimum wage.³⁸ To help imagine what a more full-fledged version of this model could become, consider the National Football League (NFL) as well as TV show writers. The analogies are not perfect, but they do provide a general understanding of what may seem like a difficult concept. In the NFL, the players' union and the 32 team owners bargain collectively to divide up the total share of league revenue and provide minimum salaries for rookies and veterans. For example, NFL players will receive at least 47 percent of league revenue under their current agreement, and in 2017, rookies were paid a minimum season salary of \$465,000 while veterans earned higher minimums based on their seniority.³⁹ Of course, teams can—and many do—pay players more than league minimums. Similarly, the Writers Guild of America East and West negotiate a nationwide Minimum Basic Agreement with the Alliance of Motion Picture and Television Producers that provides for minimum wages; portable pension and health benefits; a process to receive proper credit for one's work; and residual payments to writers when produced content is exhibited outside of its initial window. Writers can—and frequently do—negotiate for higher standards, but employers cannot pay less than the agreed upon minimums. In 2017, for example, a writer of a story and teleplay for a 30-minute primetime network TV show received a minimum fee of \$26,303, and roughly 40 to 50 percent of that amount for each prime-time network rerun that airs, depending on the show's budget. Moreover, the company is required to pay an additional 19 percent contribution on top of the writer's salary and TV residual payments to the Writers Guild of America's pension and health fund to cover the writer's benefits.⁴⁰ Minimum payments for non-network primetime shows are less, but follow a similar format. Even when a writer changes employers, their work is still covered by the Minimum Basic Agreement, and they therefore continue to receive the minimum pay and benefits that the collective bargaining agreement guarantees. To understand more specifically how a wage board could work, consider the example of truck drivers. Several decades ago, most truck drivers could earn a solid middle-class income in part because of collective bargaining. Over recent decades, however, the percentage of unionized drivers has declined; the industry has been deregulated; and more of the work is contracted out, meaning many drivers have become dependent on larger firms.⁴¹ Today, a smaller percentage of drivers earn a decent living, and many receive poverty-level wages.⁴² With a wage board, truck driving and delivery services could become a middle-class job. For long-haul trucking, the wage board could set minimum national standards for the industry analogous to the minimums in the contracts for television writers and NFL players. For drivers with the additional skills required to transport hazardous cargo, these minimums would be higher. For truck drivers on local routes, the board could set minimum

standards that include regional variations. The standards would apply to all drivers, regardless of if they were independent contractors or employees. State wage boards could improve upon these standards. As the industry evolves toward driverless transportation, the wage board could still ensure that the workers in the industry—whose jobs include monitoring the truck and load’s status and making the final delivery—could still earn a decent wage allowed by the greater productivity generated in the industry. The bargaining panel process would provide strong legal protections for participating workers as well as some funding and other incentives for worker organizations to facilitate worker participation. This is designed to ensure that workers and their representatives can mount a persuasive case for raising wages and have sufficient power to encourage business and government representatives to seriously consider supporting increases. The goal is to enable workers to stand on relatively even footing with employers. This part of the process is critical because if workers do not have sufficient power and protections, the wage board process is unlikely to lead to tangible improvements in workers’ lives. Without structures to ensure strong worker participation, employers will be able to use their superior resources to dominate—just as they have in recent years in Congress and state legislatures as well as in their efforts to prevent workers from forming unions and at the bargaining table with existing unions. Indeed, without a structure that allows for substantive worker participation, the wage board process could lead to lower standards for workers and drain the limited resources of workers and their representatives. A wage board process that lacks strong worker participation would create an additional forum that would spread thin already under-resourced unions and thus make it easier for employers to reduce standards through their superior power to compete in every forum available—including the workplace, legislatures, and the wage board. While the full wage board model requires changes to federal law, states have the power to enact many elements of the model, as described in detail in the Center for American Progress Action Fund’s (CAPAF) report, “How State and Local Governments Can Strengthen Worker Power and Raise Wages.”⁴³ Additional details on how wage boards can be structured can be found in the section below. The structure of wage boards

There are a number of ways to achieve the basic goals outlined in this report of raising wages and fortifying worker voice, as a prior CAP report, “The Future of Worker Voice and Power,” and CAPAF report, “How State and Local Governments Can Strengthen Worker Power and Raise Wages,” have explained. This report emphasizes one of those ways, and the following section provides additional details on how the wage board system could be structured. Bargaining panels would have 11 members—five representing employers, five representing workers and one representing the government. The panels would make recommendations based on a majority vote. The government representative would be the U.S. secretary of labor or their delegate. Employers would choose employer representatives through the employers’ industry associations. If the industry did not have an employer association, or if it failed to meet representativeness requirements, employer representatives would be chosen by the secretary of labor based on specified criteria.⁴⁴ Worker representatives would be chosen proportionally based on worker organization membership in the industry. In industries with no existing worker organizations, or where worker organizations do not meet minimum representativeness thresholds, worker representatives would be selected by the secretary of labor based on specified criteria.⁴⁵ In setting standards, panels would be tasked with establishing a fair wage for workers based on a range of economic and social factors, including the skill level of the work; current compensation in the industry; productivity; revenue; profits; pay ratios between executives and median- and low- wage workers; the cost of living; and what is necessary for workers’ health and well-being.⁴⁶ Bargaining panels would be national and could make adjustments to allow for regional wage variations. Just like with the minimum wage, state governments—and local governments with the proper authority—would be able to set their own standards so long as they were higher than those set by federal bargaining panels. States could use a similar wage board process to do so, and could even form regional wage boards with neighboring states. Industrywide panels would be scheduled to convene every few years, but panels could be triggered

more frequently if enough workers or businesses petitioned for one. In the case of inaction, standards would automatically increase to keep pace with inflation. This set default would incentivize workers to push for wage board action so that they can benefit from real wage increases and would ensure workers do not lose ground if the board does not act. Panels would be ruled by majority vote, except in the case that the panel seeks to reduce standards below prior levels, in which case a supermajority would be required. Panel decisions would be subject to approval by the secretary of labor. Panels could go above the legislated standards such as the minimum wage but could not go below them, even with a supermajority vote. The secretary of labor would determine the industry categories for each separate wage board. In determining industries, the secretary should aim for consistency with classification schemes in use by the agency, as well as strike a balance between coherence of the industry and limiting the overall number of industry committees.⁴⁷ Industrywide panels would cover all workers in a given industry and could set different wages for different occupations within the industry. The secretary of labor would issue guidance for categorizing workers into industries and occupations. Employers would then classify their workers, a decision that would be contestable with the Department of Labor and through private right of action. Employers would be responsible for repaying all lost compensation if they wrongly categorize workers, and would be subject to fines and damages that escalate for repeated occurrences to dissuade the practice. Wage boards would have a modest staff and would be available to help employers with classification. For occupations that are widely dispersed across multiple industries, the secretary could, on a limited basis, create an entire wage board panel based on a single occupation.⁴⁸ The secretary would have the authority to determine if additional data need to be collected to help determine industries or to facilitate the workings of any wage board. The bargaining panel process would be designed to encourage worker participation in several ways. The panels would be required to hold at least one public hearing in each region of the country, where priority would be given to the worker organization representing the most workers in the industry—with similar priority given to the most representative employer organization. Worker organizations would be given access to worksites and information on the workers in their industry in order to recruit them into the process. Worker organizations would also receive funding to cover the costs of participating in wage boards, including the costs of organizing workers to participate. Funding would be paid directly from wage board awards into a trust for proportional distribution. Workers would also be able to voluntarily contribute to a worker organization of their choice through a payroll deduction.⁴⁹ The right to speak freely, protest, engage in political activity, and strike for higher wages in an industry or from a group of employers—not just a single employer—would be guaranteed and enforcement of penalties for violations would be meaningful. Similar protections would be provided for participation in works councils. Wage board standards would be enforced by the Department of Labor as well as by states and private actors through the courts. Enforcement of wage board standards would follow the co-enforcement model that utilizes the capabilities of the Department of Labor, civic and worker organizations, and private rights of action.⁵⁰ The wage board awards would provide unions and other worker organizations with funding to help educate workers about the standards. These groups could also collect a share of awards if they help workers recover stolen wages or benefits. States could also provide higher standards and more stringent enforcement, akin to Occupational Safety and Health Administration state plans. Firms that exhibit significant control over companies they contract with would be jointly responsible for adhering to workplace standards. If one-third of the workers in an industry or region have joined a union or similar worker organization, then the board would step back from its standard-setting role to support collective bargaining that occurs directly between employers and employees.⁵¹ In this case, the wage board, with the approval of the secretary of labor, would extend to all companies in the industry or region any collectively bargained agreement with higher standards than the board has set.⁵² To encourage direct multi-employer bargaining, several additional policy changes would be needed. Among these necessary changes are those that would require the National Labor Relations Board (NLRB) to enforce worker

preference for multi-employer bargaining units; enhanced protections for strikes, secondary boycotts, and concerted activity discussed previously; and NLRB arbitration of last and final offers.⁵³ In short, wage boards would bring together workers, firms, and the public to negotiate over minimum workplace standards across industries. Wage boards build on existing policies and structures and are designed to work together in a comprehensive package of labor policies. Most importantly, wage boards would create a new framework for negotiations that would raise wages and boost productivity.

Economy

Wealth inequality in the US has been increasing for decades and is getting worse.

Hardy 24 [Hardy, Bradley L (Professor in the McCourt School of Public Policy at Georgetown University), et al. "Income Inequality in the United States, 1975–2022." *Fiscal Studies*, vol. 45, no. 2, 1 June 2024, pp. 155–171, <https://doi.org/10.1111/1475-5890.12368>.]

The top 1 per cent share rises from 4 per cent to over 6 per cent, though this is likely due to a measurement change starting in 1993, which explains the gap in the series in Figure 2. As discussed in the online report, although we account for top-coding with rank-proximity swap values, these are based on internal top codes at the Census Bureau. In 1993, those internal top codes increased from \$299,999 to \$1,099,999, resulting in a jump discontinuity in the top 1 per cent (and to a lesser extent the Gini) in 1993 when not winsorising the data. The stability of the top 1 per cent share post-1993 aligns with recent work of Auten and Splinter (2023) who find little trend in the top share since 1960, though this is at odds with the work of Piketty, Saez and Zucman (2018). However, the Piketty et al. (2018) series likewise changes little from the mid-1990s, though the levels are higher than those reported by Auten and Splinter, and both are higher than the estimates here. The online report shows that the lower levels of the top 1 per cent share in Figure 2 stem in part from the top coding of earnings in the ASEC survey, but the remainder of the difference likely comes from the additional sources of national income (e.g. non-wage benefits from health insurance) ascribed to top income earners in Piketty et al. and Auten and Splinter. Figure 3 takes an alternative look at inequality, comparing the 90th percentile to the 10th percentile of incomes and also decomposing into upper-tail (90:50) and lower-tail (50:10) inequality of incomes. Overall 90:10 inequality increased consistently since 1980 until the COVID-19 pandemic, which is most attributed to a rise in upper-tail 90:50 inequality, at least after 1990. The figure also reveals an abrupt decline in 90:10 inequality in 2020 and 2021, followed by sharp rebound in 2022. As discussed in the next section, this decline in 90:10 inequality (and 50:10) is likely due to aggressive fiscal policy expansions amid the COVID-19 pandemic, including the aforementioned increases in UI, SNAP, CTC and Economic Impact Payments.⁵ The remainder of the analysis aims to unpack the mechanisms underlying the four-decade long trend toward rising income inequality. Prior to proceeding, however, it is important to highlight that the level of inequality – whether measured by the Gini or percentile ratios – is higher in the United States in most years than the other 16 countries in the wider IFS Deaton Inequalities Review Country Studies project in this special issue, and, excepting the Nordic countries, is alone with a sustained trend increase in inequality.

Wealth inequality hollows out economics resilience – shocks are inevitable, only worker stability makes recovery possible.

Bahn 21 [Kate Bahn, director of labor market policy and chief economist at the Washington Center for Equitable Growth, Washington Center for Equitable Growth Testimony before the Joint Economic Committee, "Kate Bahn testimony before the Joint Economic Committee on monopsony, workers, and corporate power". Equitable Growth. 7-14-2021. <https://equitablegrowth.org/kate-bahn-testimony-before-the-joint-economic-committee-on-monopsony-workers-and-corporate-power/>]

Thank you Chair Beyer, Ranking Member Lee, and members of the Joint Economic Committee for inviting me to testify today. My name is Kate Bahn and I am the Director of Labor Market Policy and the interim Chief Economist at the Washington Center for Equitable Growth. We seek to advance evidence-backed ideas and policies that promote strong, stable and broad-based growth. Core to this mission is understanding the ways in which inequality has distorted, subverted and obstructed economic growth in recent decades. Mounting evidence, which I will review today, demonstrates how the rising concentration of corporate power has increased economic inequality and made the U.S. economy less efficient. Reversing the trends that have led to a "second gilded age" is critical to encouraging a resilient economic recovery following the pandemic-induced economic crisis of 2020 and encouraging a healthy, competitive economy for the future. Introduction The United States boasts one of the wealthiest economies in the world, but decades of increasing income inequality, job polarization, and stagnant

wages for most Americans has plagued our labor market and demonstrated that a rising tide does not lift all boats. Furthermore, economic evidence demonstrates how inequality results in an inefficient allocation of talent and resources while increasing corporate concentration that enriches the few while holding back the entire economy from its potential. Understanding the causes and consequences of the concentration of corporate power will guide policymaking in order to ensure that the economic recovery in the next phase of the pandemic will be broadly shared and ensure a more resilient economy.

“Monopsony” is a key economic concept to understand in this discussion. Monopsony is the labor market equivalent of the better-known phenomenon of “monopoly,” but instead of having only one producer of a good or service, there is effectively only one buyer of a good or service, such as only one employer hiring people’s labor in a company town. Like in monopoly, this phenomenon is not limited to when a firm is strictly the only buyer of labor. Today I will explain the circumstances and effects of employers having significant monopsony power over the market and over workers. When employers have outsized power in employment relationships, they are able to set wages for their workers, rather than wages being determined by competitive market forces. Given this monopsony power, employers undercut workers. This means paying them less than the value they contribute to production. One recent survey of all the economic research on monopsony finds that, on average across studies, employers have the power to keep wages over one-third less than they would be in a perfectly competitive market. Put another way, in a theoretical competitive market, if an employer cut wages then all workers would quit. But in reality, these estimates are the equivalent of a firm cutting wages by 5 percent yet only losing 10 percent to 20 percent of their workers, thus growing their profits without significantly impacting their business. It is not only important for workers to earn a fair share so they can support themselves and their families, but also critical to ensure that our economy rebuilds to be stronger and more resilient. Prior to the current public health crisis and resulting recession, earnings inequality had been growing since at least the 1980s while the labor share of national income has been declining in same period. This is cause for concern as recent evidence suggests that the labor share of income has a positive impact on GDP growth in the long-run. The unprecedented economic shock caused by the coronavirus pandemic revealed how economic inequality leads to a fragile economy, where those with the least are hit the hardest, amplifying recessions since lower-income workers typically spend more of their income in the economy. But the crisis also demonstrated how economic policy targeted toward workers and families can provide a foundation for growth. This is because workers are the economy, and pushing back against the concentration corporate power by providing resources to workers is the foundation for strong, stable and broadly shared growth.

The Causes of Monopsony The concept of monopsony was initially developed by the early 20th century economist Joan Robinson, who examined how lack of competition led to unfair and inefficient economic outcomes. The prototypical example of monopsony is a company town, where there is one very dominant employer and workers have no choice but to accept low wages since they have no outside options. This is the most extreme case, but it is important to note that firms have monopsony power in any circumstance where workers aren’t moving between jobs seamlessly in search of the highest wages they can get. Firms can use monopsony power to lower workers’ wages any time workers:

- Have few potential employers
- Face job mobility constraints
- Can only gather imperfect information about employers and jobs
- Have divergent preferences for job attributes
- Lack the ability to bargain over those offers

I will go through each of these factors in turn and demonstrate how labor markets are unique compared to other markets in dealing with competitive forces. While concentrated labor markets are not the norm, they are pervasive across the United States, especially within certain sectors or locations. When markets are very concentrated, employers can give workers smaller yearly raises or make working conditions worse, knowing that their workers have nowhere to go to find a better job with better pay. (See Figure 1.) A study published in the journal Labour Economics by economists Jose Azar, Ioana Marinescu, and Marshall Steinbaum finds that 60 percent of U.S. local labor markets are highly concentrated as defined

by U.S. antitrust authorities' 2010 horizontal merger guidelines. This accounts for 20 percent of employment in the United States. Research by economists Gregor Schubert, Anna Stansbury, and Bledi Tsaka goes further by estimating workers' outside options, or the likelihood a worker is able to change into a different occupation or industry. This study finds that even with a more expansive definition of job opportunities more than 10 percent of the U.S. workforce is in local labor markets where pay is being suppressed by employer concentration by at least 2 percent, and a significant proportion of these workers facing few outside options are facing pay suppression of 5 percent or more. As study co-author Anna Stansbury noted, "for a typical full-time workers making \$50,000 a year, a 2 percent pay reduction is equivalent to losing \$1,000 per year and a 5 percent pay reduction is equivalent to losing \$2,500 per year." Certain sectors are now very concentrated, such as the healthcare industry. In a paper by the economists Elena Prager and Matt Schmitt, they find that hospital mergers led to negative wage growth among skilled workers such as nurses or pharmacy workers. Consolidation and outsized employer power, alongside other phenomenon such as the fissuring of the workplace, may have broader impacts on the structure of the U.S. labor market when it affects the overall structure of the labor market, including the hollowing out of middle class jobs that have historically been a pathway for upward mobility.

Secular stagnation is a crisis accelerant – it collapses U.S. primacy, making nuclear war, prolif, and great power conflict far more likely.

Oppenheimer 21. [Michael Oppenheimer, Professor at the Center for Global Affairs of New York University, member of the Council on Foreign Relations, 2021, "The Turbulent Future of International Relations," *The Future of Global Affairs: Managing Discontinuity, Disruption and Destruction*, Chapter 2, <https://doi.org/10.1007/978-3-030-56470-4>]

Secular Stagnation This unbrave new world has been emerging for some time, as US power has declined relative to other states, especially China, global liberalism has failed to deliver on its promises, and totalitarian capitalism has proven effective in leveraging globalization for economic growth and political legitimacy while exploiting technology and the state's coercive powers to maintain internal political control. But this new era was jumpstarted by the world financial crisis of 2007, which revealed the bankruptcy of unregulated market capitalism, weakened faith in US leadership, exacerbated economic deprivation and inequality around the world, ignited growing populism, and undermined international liberal institutions. The skewed distribution of wealth experienced in most developed countries, politically tolerated in periods of growth, became intolerable as growth rates declined. A combination of aging populations, accelerating technology, and global populism/nationalism promises to make this growth decline very difficult to reverse. What Larry Summers and other international political economists have come to call "secular stagnation" increases the likelihood that illiberal globalization, multipolarity, and rising nationalism will define our future. Summers¹¹ has argued that the world is entering a long period of diminishing economic growth. He suggests that secular stagnation "may be the defining macroeconomic challenge of our times." Julius Probst, in his recent assessment of Summers' ideas, explains: "...rich countries are ageing as birth rates decline and people live longer. This has pushed down real interest rates because investors think these trends will mean they will make lower returns from investing in future, making them more willing to accept a lower return on government debt as a result. Other factors that make investors similarly pessimistic include rising global inequality and the slowdown in productivity growth... This decline in real interest rates matters because economists believe that to overcome an economic downturn, a central bank must drive down the real interest rate to a certain level to encourage more spending and investment... Because real interest rates are so low, Summers and his supporters believe that the rate required to reach full employment is so far into negative territory that it is effectively impossible. ...in the long run, more immigration might be a vital part of curing secular stagnation. Summers also heavily prescribes increased government spending, arguing that it might actually be more prudent than cutting back – especially if the money is spent on infrastructure, education and research and development. Of course, governments in Europe and the US

are instead trying to shut their doors to migrants. And austerity policies have taken their toll on infrastructure and public research. This looks set to ensure that the next recession will be particularly nasty when it comes... Unless governments change course radically, we could be in for a sobering period ahead.¹² The rise of nationalism/populism is both cause and effect of this economic outlook. Lower growth will make every aspect of the liberal order more difficult to resuscitate post-Trump. Domestic politics will become more polarized and dysfunctional, as competition for diminishing resources intensifies. International collaboration, ad hoc or through institutions, will become politically toxic. Protectionism, in its multiple forms, will make economic recovery from “secular stagnation” a heavy lift, and the liberal hegemonic leadership and strong institutions that limited the damage of previous downturns, will be unavailable. A clear demonstration of this negative feedback loop is the economic damage being inflicted on the world by Trump’s trade war with China, which— despite the so-called phase one agreement—has predictably escalated from negotiating tactic to imbedded reality, with no end in sight. In a world already suffering from inadequate investment, the uncertainties generated by this confrontation will further curb the investments essential for future growth. Another demonstration of the intersection of structural forces is how populist-motivated controls on immigration (always a weakness in the hyper-globalization narrative) deprives developed countries of Summers’ recommended policy response to secular stagnation, which in a more open world would be a win-win for rich and poor countries alike, increasing wage rates and remittance revenues for the developing countries, replenishing the labor supply for rich countries experiencing low birth rates. Illiberal Globalization Economic weakness and rising nationalism (along with multipolarity) will not end globalization, but will profoundly alter its character and greatly reduce its economic and political benefits. Liberal global institutions, under American hegemony, have served multiple purposes, enabling states to improve the quality of international relations and more fully satisfy the needs of their citizens, and provide companies with the legal and institutional stability necessary to manage the inherent risks of global investment. But under present and future conditions these institutions will become the battlegrounds—and the victims—of geopolitical competition. The Trump Administration’s frontal attack on multilateralism is but the final nail in the coffin of the Bretton Woods system in trade and finance, which has been in slow but accelerating decline since the end of the Cold War. Future American leadership may embrace renewed collaboration in global trade and finance, macroeconomic management, environmental sustainability and the like, but repairing the damage requires the heroic assumption that America’s own identity has not been fundamentally altered by the Trump era (four years or eight matters here), and by the internal and global forces that enabled his rise. The fact will remain that a sizeable portion of the American electorate, and a monolithically pro-Trump Republican Party, is committed to an illiberal future. And even if the effects are transitory, the causes of weakening global collaboration are structural, not subject to the efforts of some hypothetical future US liberal leadership. It is clear that the US has lost respect among its rivals, and trust among its allies. While its economic and military capacity is still greatly superior to all others, its political dysfunction has diminished its ability to convert this wealth into effective power.¹³ It will furthermore operate in a future system of diffusing material power, diverging economic and political governance approaches, and rising nationalism. Trump has promoted these forces, but did not invent them, and future US Administrations will struggle to cope with them. What will illiberal globalization look like? Consider recent events. The instruments of globalization have been weaponized by strong states in pursuit of their geopolitical objectives. This has turned the liberal argument on behalf of globalization on its head. Instead of interdependence as an unstoppable force pushing states toward collaboration and convergence around market-friendly domestic policies, states are exploiting interdependence to inflict harm on their adversaries, and even on their allies. The increasing interaction across national boundaries that globalization entails, now produces not harmonization and cooperation, but friction and escalating trade and investment disputes.¹⁴ The Trump Administration is in the lead here, but it is not alone. Trade

and investment friction with China is the most obvious and damaging example, precipitated by China's long failure to conform to the World Trade Organization (WTO) principles, now escalated by President Trump into a trade and currency war disturbingly reminiscent of the 1930s that Bretton Woods was designed to prevent. Financial sanctions against Iran, in violation of US obligations in the Joint Comprehensive Plan Of Action (JCPOA), is another example of the rule of law succumbing to geopolitical competition. Though more mercantilist in intent than geopolitical, US tariffs on steel and aluminum, and their threatened use in automobiles, aimed at the EU, Canada, and Japan,¹⁵ are equally destructive of the liberal system and of future economic growth, imposed as they are by the author of that system, and will spread to others. And indeed, Japan has used export controls in its escalating conflict with South Korea¹⁶ (as did China in imposing controls on rare earth,¹⁷ and as the US has done as part of its trade war with China). Inward foreign direct investment restrictions are spreading. The vitality of the WTO is being sapped by its inability to complete the Doha Round, by the proliferation of bilateral and regional agreements, and now by the Trump Administration's hold on appointments to WTO judicial panels. It should not surprise anyone if, during a second term, Trump formally withdrew the US from the WTO. At a minimum it will become a "dead letter regime."¹⁸ As such measures gain traction, it will become clear to states—and to companies—that a global trading system more responsive to raw power than to law entails escalating risk and diminishing benefits. This will be the end of economic globalization, and its many benefits, as we know it. It represents nothing less than the subordination of economic globalization, a system which many thought obeyed its own logic, to an international politics of zero-sum power competition among multiple actors with divergent interests and values. The costs will be significant: Bloomberg Economics estimates that the cost in lost US GDP in 2019- dollar terms from the trade war with China has reached \$134 billion to date and will rise to a total of \$316 billion by the end of 2020.¹⁹ Economically, the just-in-time, maximally efficient world of global supply chains, driving down costs, incentivizing innovation, spreading investment, integrating new countries and populations into the global system, is being Balkanized. Bilateral and regional deals are proliferating, while global, nondiscriminatory trade agreements are at an end. Economies of scale will shrink, incentivizing less investment, increasing costs and prices, compromising growth, marginalizing countries whose growth and poverty reduction depended on participation in global supply chains. A world already suffering from excess savings (in the corporate sector, among mostly Asian countries) will respond to heightened risk and uncertainty with further retrenchment. The problem is perfectly captured by Tim Boyle, CEO of Columbia Sportswear, whose supply chain runs through China, reacting to yet another ratcheting up of US tariffs on Chinese imports, most recently on consumer goods: We move stuff around to take advantage of inexpensive labor. That's why we're in Bangladesh. That's why we're looking at Africa. We're putting investment capital to work, to get a return for our shareholders. So, when we make a wager on investment, this is not Vegas. We have to have a reasonable expectation we can get a return. That's predicated on the rule of law: where can we expect the laws to be enforced, and for the foreseeable future, the rules will be in place? That's what America used to be.²⁰ The international political effects will be equally damaging. The four structural forces act on each other to produce the more dangerous, less prosperous world projected here. Illiberal globalization represents geopolitical conflict by (at first) physically non-kinetic means. It arises from intensifying competition among powerful states with divergent interests and identities, but in its effects drives down growth and fuels increased nationalism/populism, which further contributes to conflict. Twenty-first-century protectionism represents bottom-up forces arising from economic disruption. But it is also a top-down phenomenon, representing a strategic effort by political leadership to reduce the constraints of interdependence on freedom of geopolitical action, in effect a precursor and enabler of war. This is the disturbing hypothesis of Daniel Drezner, argued in an important May 2019 piece in Reason, titled "Will Today's Global Trade Wars Lead to World War Three,"²¹ which examines the pre-World War I period of heightened trade conflict, its contribution to the disaster that followed, and its parallels to the present: Before the First

World War started, powers great and small took a variety of steps to thwart the globalization of the 19th century. Each of these steps made it easier for the key combatants to conceive of a general war. We are beginning to see a similar approach to the globalization of the 21st century. One by one, the economic constraints on military aggression are eroding. And too many have forgotten—or never knew—how this played out a century ago. ...In many ways, 19th century globalization was a victim of its own success. Reduced tariffs and transport costs flooded Europe with inexpensive grains from Russia and the United States. The incomes of landowners in these countries suffered a serious hit, and the Long Depression that ran from 1873 until 1896 generated pressure on European governments to protect against cheap imports. ...The primary lesson to draw from the years before 1914 is not that economic interdependence was a weak constraint on military conflict. It is that, even in a globalized economy, governments can take protectionist actions to reduce their interdependence in anticipation of future wars. In retrospect, the 30 years of tariff hikes, trade wars, and currency conflicts that preceded 1914 were harbingers of the devastation to come. European governments did not necessarily want to ignite a war among the great powers. By reducing their interdependence, however, they made that option conceivable. ...the backlash to globalization that preceded the Great War seems to be reprised in the current moment. Indeed, there are ways in which the current moment is scarier than the pre-1914 era. Back then, the world's hegemon, the United Kingdom, acted as a brake on economic closure. In 2019, the United States is the protectionist with its foot on the accelerator. The constraints of Sino-American interdependence—what economist Larry Summers once called “the financial balance of terror”—no longer look so binding. And there are far too many hot spots—the Korean peninsula, the South China Sea, Taiwan—where the kindling seems awfully dry.

Multipolarity We can define multipolarity as a wide distribution of power among multiple independent states. Exact equivalence of material power is not implied. What is required is the possession by several states of the capacity to coerce others to act in ways they would otherwise not, through kinetic or other means (economic sanctions, political manipulation, denial of access to essential resources, etc.). Such a distribution of power presents inherently graver challenges to peace and stability than do unipolar or bipolar power configurations,²² though of course none are safe or permanent. In brief, the greater the number of consequential actors, the greater the challenge of coordinating actions to avoid, manage, or de-escalate conflicts.

Multipolarity also entails a greater potential for sudden changes in the balance of power, as one state may defect to another coalition or opt out, and as a result, the greater the degree of uncertainty experienced by all states, and the greater the plausibility of downside assumptions about the intentions and capabilities of one's adversaries. This psychology, always present in international politics but particularly powerful in multipolarity, heightens the potential for escalation of minor conflicts, and of states launching preventive or preemptive wars. In multipolarity, states are always on edge, entertaining worst-case scenarios about actual and potential enemies, and acting on these fears—expanding their armies, introducing new weapon systems, altering doctrine to relax constraints on the use of force—in ways that reinforce the worst fears of others. The risks inherent in multipolarity are heightened by the attendant weakening of global institutions. Even in a state-centric system, such institutions can facilitate communication and transparency, helping states to manage conflicts by reducing the potential for misperception and escalation toward war. But, as Waheguru Pal Singh Sidhu argues in his chapter on the United Nations, the influence of multilateral institutions as agent and actor is clearly in decline, a result of bottom-up populist/nationalist pressures experienced in many countries, as well as the coordination problems that increase in a system of multiple great powers. As conflict resolution institutions atrophy, great powers will find themselves in “security dilemmas”²³ in which verification of a rival's intentions is unavailable, and worst-case assumptions fill the gap created by uncertainty. And the supply of conflicts will expand as a result of growing nationalism and populism, which are premised on hostility, paranoia, and isolation, with governments seeking political legitimacy through external conflict, producing a siege mentality that deliberately cuts off communication with other states. Finally, the transition from

unipolarity (roughly 1989–2007) to multipolarity is unregulated and hazardous, as the existing superpower fears and resists challenges to its primacy from a rising power or powers, while the rising power entertains new ambitions as entitlements now within its reach. Such a “power transition” and its dangers were identified by Thucydides in explaining the Peloponnesian Wars,²⁴ by Organski (the “rear-end collision”)²⁵ during the Cold War, and recently repopularized and brought up to date by Graham Allison in predicting conflict between the US and China.²⁶ A useful, and consequential illustration of the inherent challenge of conflict management during a power transition toward multipolarity, is the weakening of the arms control regime negotiated by the US and the Soviet Union during the Cold War. Despite the existential, global conflict between two nuclear armed superpowers embracing diametrically opposed world views and operating in economic isolation from each other, the two managed to avoid worst-case outcomes. They accomplished this in part by institutionalizing verifiable limits on testing and deployment of both strategic and intermediate-range nuclear missiles. Yet as diplomatically and technically challenging as these achievements were, the introduction of a third great power, China, into this two-country calculus has proven to be a deal breaker. Unconstrained by these bilateral agreements, China has been free to build up its capability, and has taken full advantage in ramping up production and deployment of intermediate-range ground-launched cruise missiles, thus challenging the US ability to credibly guarantee the security of its allies in Asia, and greatly increasing the costs of maintaining its Asian regional hegemony. As a result, the Intermediate Nuclear Force treaty is effectively dead, and the New Start Treaty, covering strategic missiles, is due to expire next year, with no indication of any US–Russian consensus to extend it. The US has with logic indicated its interest in making these agreements trilateral; but China, with its growing power and ambition, has also logically rejected these overtures. Thus, all three great powers are entering a period of nuclear weapons competition unconstrained by the major Cold War arms control regimes. In a period of rapid advances in technology and worsening great power relations, the nuclear competition will be a defining characteristic of the next decade and beyond. This dynamic will also complicate nuclear nonproliferation efforts, as both the demand for nuclear weapons (a consequence of rising regional and global insecurity), and supply of nuclear materials and technology (a result of the weakening of the nonproliferation regime and deteriorating great power relations) will increase. Will deterrence prevent war in a world of several nuclear weapons states, (the current nuclear powers plus South Korea, Iran, Saudi Arabia, Japan, Turkey), as it helped to do during the bipolar Cold War? Some neorealist observers view nuclear weapons proliferation as stabilizing, extending the balance of terror, and the imperative of restraint, to new nuclear weapons states with much to fight over (Saudi Arabia and Iran, for example).²⁷ Others,²⁸ examining issues of command and control of nuclear weapons deployment and use by newly acquiring states, asymmetries in doctrines, force structures, and capabilities between rivals, the perils of variable rates in transition to weapons deployment, problems of communication between states with deep mutual grievances, the heightened risk of transfer of such weapons to non-state actors, have grave doubts about the safety of a multipolar, nuclear-armed world.²⁹ We can at least conclude that prudence dictates heightened efforts to slow the pace of proliferation, while realism requires that we face a proliferated future with eyes wide open. The current distribution of power is not perfectly multipolar. The US still commands the world’s largest economy, and its military power is unrivaled by any state or combination of states. Its population is still growing, despite a recent decline in birth rates. It enjoys extraordinary geographic advantages over its rivals, who are distant and live in far worse neighborhoods. Its economy is less dependent on foreign markets or resources. Its political system has proven—up to now—to be resilient and adaptable. Its global alliance system greatly extends its capacity to defend itself and shape the world to its liking and is still intact, despite growing doubts about America’s reliability as a security guarantor. Based on these mostly material and historical criteria, continued American primacy would seem to be a good bet, if it chooses to use its power in this way.³⁰ So why multipolarity? The clearest and most frequently cited evidence for a widening distribution of global power away from American

unipolarity is the narrowing gap in GDP between the US and China. The IMF's World Economic Outlook forecasts a \$0.9 trillion increase in US GDP for 2019–2020, and a \$1.3 trillion increase for China in the same period.³¹ Many who support the American primacy case argue that GDP is an imperfect measure of power, that Chinese GDP data is inflated, that its growth rates are in decline while Chinese debt is rapidly increasing, and that China does poorly on other factors that contribute to power—its low per capita GDP, its political succession challenges, its environmental crisis, its absence of any external alliance system. Yet GDP is a good place to start, as the single most useful measure and long-term predictor of power. It is from the overall economy that states extract and apply material power to leverage desired behavior from other states. It is true that robust future Chinese growth is not guaranteed, nor is its capacity to convert its wealth to power, which is a function of how well its political system works over time. But this is equally the case for the US, and considering recent political developments is not a given for either country. As an alternative to measuring inputs—economic size, political legitimacy, technological innovation, population growth—in assessing relative power and the nature of global power distribution, we should consider outputs: what are states doing with their power? The input measures are useful, possibly predictive, but are usually deployed in the course of making a foreign policy argument, sometimes on behalf of a reassertion of American primacy, sometimes on behalf of retrenchment. As such, their objectivity (despite their generous deployment of “data”) is open to question. What is undeniable, to any clear-eyed observer, is a real decline in American influence in the world, and a rise in the influence of other powers, which predates the Trump administration but has accelerated into America's free fall over the last four years. This has produced a de facto multipolarity, whether explainable in the various measures of power—actual and latent—or not. This decline results in part from policy mistakes: a reckless squandering of material power and legitimacy in Iraq, an overabundance of caution in Syria, and now pure impulsivity. But more fundamentally, it is a product of relative decline in American capacity—political and economic—to which American leadership is adjusting haphazardly, but in the direction of retrenchment/restraint. It is highly revealing that the last two American presidents, polar opposites in intellect, temperament and values, agreed on one fundamental point: the US is overextended, and needs to retrench. The fact that neither Obama nor Trump (up to this point in his presidency) believed they had the power at their disposal to do anything else, tells us far more about the future of American power and policy—and about the emerging shape of international relations—than the power measures and comparisons made by foreign policy advocates. Observation of recent trends in US versus Russian relative influence prompts another question: do we understand the emerging characteristics of power? Rigorously measuring and comparing the wrong parameters will get us nowhere at best and mislead us into misguided policies at worst. How often have we heard, with puzzlement, that Putin punches far above his weight? Could it be that we misunderstand what constitutes “weight” in the contemporary and emerging world? Putin may be on a high wire, and bound to come crashing down; but the fact is that Russian influence, leveraging sophisticated communications/social media/influence operations, a strong military, an agile (Putin-dominated) decision process, and taking advantage of the egregious mistakes by the West, has been advancing for over a decade, shows no sign of slowing down, and has created additional opportunities for itself in the Middle East, Europe, Asia, Latin America, the Arctic. It has done this with an economy roughly the size of Italy's. There are few signs of a domestic political challenge to Putin. His external opponents are in disarray, and Russia's main adversary is politically disabled from confronting the problem. He has established Russia as the Middle East power broker. He has reached into the internal politics of his Western adversaries and influenced their leadership choices. He has invaded and absorbed the territory of neighboring states. His actions have produced deep divisions within NATO. Again, simple observation suggests multipolarity in fact, and a full explanation for this power shift awaiting future historians able to look with more objectivity at twenty-first-century elements of power. When that history is written, surely it will emphasize the extraordinary polarization

in American politics. Was multipolarity a case of others finding leverage in new sources of power, or the US underutilizing its own? The material measures suggest sufficient capacity for sustained American primacy, but with this latent capacity unavailable (as perceived, I believe correctly, by political leadership) by virtue of weakening institutions: two major parties in separate universes; a winnertake-all political mentality; deep polarization between the parties' popular bases of support; divided government, with the Presidency and the Congress often in separate and antagonistic hands; diminishing trust in the permanent government, and in the knowledge it brings to important decisions, and deepening distrust between the intelligence community and policymakers; and, in Trump's case, a chaotic policy process that lacks any strategic reference points, mis-communicates the Administration's intentions, and has proven incapable of sustained, coherent diplomacy on behalf of any explicit and consistent set of policy goals.

Rising Nationalism/Populism/Authoritarianism The evidence for these trends is clear. Freedom House, the go-to authority on the state of global democracy, just published its annual assessment for 2020, and recorded the fourteenth consecutive year of global democratic decline and advancing authoritarianism. This dramatic deterioration includes both a weakening in democratic practice within states still deemed on balance democratic, and a shift from weak democracies to authoritarianism in others. Commitment to democratic norms and practices—freedom of speech and of the press, independent judiciaries, protection of minority rights—is in decline. The decline is evident across the global system and encompasses all major powers, from India and China, to Europe, to the US. Right-wing populist parties have assumed power, or constitute a politically significant minority, in a lengthening list of democratic states, including both new (Hungary, Poland) and established (India, the US, the UK) democracies. Nationalism, frequently dismissed by liberal globalization advocates as a weak force when confronted by market democracies' presumed inherent superiority, has experienced a resurgence in Russia, China, the Middle East, and at home. Given the breadth and depth of right-wing populism, the raw power that promotes it—mainly Russian and American—and the disarray of its liberal opponents, this factor will weigh heavily on the future. The major factors contributing to right-wing populism and its global spread is the subject of much discussion.³² The most straightforward explanation is rising inequality and diminished intergenerational mobility, particularly in developed countries whose labor-intensive manufacturing has been hit hardest by the globalization of capital combined with the immobility of labor. Jobs, wages, economic security, a reasonable hope that one's offspring has a shot at a better life than one's own, the erosion of social capital within economically marginalized communities, government failure to provide a decent safety net and job retraining for those battered by globalization: all have contributed to a sense of desperation and raw anger in the hollowed-out communities of formerly prosperous industrial areas. The declining life expectancy numbers³³ tell a story of immiseration: drug addition, suicide, poor health care, and gun violence. The political expression of such conditions of life should not be surprising. Simple, extremist "solutions" become irresistible. Sectarian, racial, regional divides are strengthened, and exclusive identities are sharpened. Political entrepreneurs offering to blow up the system blamed for such conditions become credible. Those who are perceived as having benefited from the corrupt system—long-standing institutions of government, foreign countries and populations, immigrants, minorities getting a "free ride," elites—become targets of recrimination and violence. The simple solutions of course, don't work, deepening the underlying crisis, but in the process politics is poisoned. If this sounds like the US, it should, but it also describes major European countries (the UK, France, Italy, Germany, Poland, Hungary, the Czech Republic), and could be an indication of things to come for non-Western democracies like India. We have emphasized throughout this chapter the interaction of four structural forces in shaping the future, and this interaction is evident here as well. Is it merely coincidence that the period of democratic decline documented by Freedom House, coincides precisely with the global financial and economic crisis? Lower growth, increasing joblessness, wage stagnation, superimposed on longer-term widening of inequality and declining mobility, constitute a forbidding stress test for democratic systems,

and many continue to fail. And if we are correct about secular stagnation, the stress will continue, and authoritarianism's fourteen-year run will not be over for some time. The antidemocratic trend will gain additional impetus from the illiberal direction of globalization, with its growth suppressing protectionism, weaponization of global economic exchange, and weakening global economic institutions. Multipolarity also contributes, in several ways. The former hegemon and author of globalization's liberal structure has lost its appetite, and arguably its capacity, for leadership, and indeed has become part of the problem, succumbing to and promoting the global right-wing populist surge. It is suffering an unprecedented decline in life expectancy, and recently a decline in the birth rate, signaling a degree of rot commonly associated with a collapsing Soviet Union. While American politics may once again cohere around its liberal values and interests, the time when American leadership had the self-confidence to shape the global system in its liberal image is gone. It may build coalitions of the like-minded to launch liberal projects, but there will be too much power outside these coalitions to permit liberal globalization of the sort imagined at the end of the Cold War. In multipolarity, the values around which global politics revolve will reflect the diversity of major powers, their interests, and the norms they embrace. Convergence of norms, practices, policies is out of the question. Global collective action, even in the face of global crises, will be a long shot. To expect anything else is fantasy..

Living Wage stimulates the economy by expanding disposable income for low-wage workers.

Duran-Franch and Regmi 22 [Duran-Franch, Joana (Ph.D. Economist specialized in the study of the labor market), and Ira Regmi (program manager for the Roosevelt Institute's macroeconomic analysis program). "Increasing Wages for Low-Income Workers Is Key for a Full Economic Recovery." Roosevelt Institute, 4 Apr. 2022, rooseveltinstitute.org/2022/04/04/increasing-wages-for-low-income-workers-is-key-for-a-full-economic-recovery/.]

Increasing wages for those earning the least is fundamental to ensuring an equitable economy that leaves no one behind. Wage increases among those who earn the least helps Black, brown, Latinx, and gender and sexual minorities most, as these communities are disproportionately represented in low-wage populations. For example, approximately 60 percent of low-wage earners are women, and wage increases at the bottom of the income distribution are likely to benefit nearly one-third of Black Americans and a quarter of Latinx Americans. Moreover, beyond the equity-related benefits of higher wages, increasing wages for low-income workers in particular also provides benefits for the economy as a whole. It can be difficult to isolate the empirical effects of wage gains via market forces on living standards given the various moving parts, such as nonwage gains, fiscal stimulus, and price volatility. However, by drawing parallels to a policy-induced phenomenon like minimum wage increase, which by construction raises the incomes of low-wage workers, we can identify the potential impact of real wage gains for those who earn the least. Previous research on minimum wage increases illustrates that the additional income arising from raising the minimum wage represents a shift of income from profits (not likely to be spent immediately) to low-wage workers, who tend to consume it immediately. This feeds back into the economy as a result of increased aggregate demand. Furthermore, the extra consumption is expected to be greater than if the incomes of those with already higher wages were to increase. The marginal propensity to consume, which is indicative of the proportion of disposable income that individuals spend on the consumption of goods and services, tends to be higher for lower-income workers. There is also evidence that individuals with lower wealth have higher marginal propensities to consume than wealthier ones; or that those with low wealth-to-income ratios have higher marginal propensities to consume. Therefore, rather than being a cause of alarm related to inflation, wage gains for low-income workers are necessary for a strong economic recovery. Moreover, recent studies find that spending on services, particularly retail and food services, is likely to increase following a minimum wage increase. This would be a welcome development, as the pandemic-driven slowdown disproportionately affected the service industry. Increased spending could catalyze a full recovery of the service sector. A majority of low-paying occupations are concentrated in the food and retail industries, both of which primarily employ low-wage workers. Increased demand in these sectors could also

increase the demand for labor, potentially restoring pre-pandemic employment rates. This is particularly crucial in the current context, given that most of the labor market slack is concentrated in occupations at the lower end of the wage distribution. For example, in January and February 2022, overall employment was 0.9 percent below its level in the same period in 2020. In contrast, employment in occupations at the 25th percentile of the wage distribution was 4 percent below its level during the same period in 2020. Examining the parallels to the effects of minimum wage increases suggests that wage growth at the lower end of the distribution is indispensable to reaching a full and equitable economic recovery. In this context, it becomes even more important to celebrate wage gains for low-wage workers in connection to macroeconomic growth in and of itself. The current period of strong, sustained economic growth represents an opportunity to continue advancing much-needed employment and wage gains for low-income and historically marginalized workers. However, for those who earn the least, the absolute value of real earnings is still largely deficient despite the undeniable gains. If anything, the insufficiency of wages at the bottom of the income distribution, even in the face of rapid gains, alludes to the severity of the crunch faced by low-wage earners in pre-pandemic times. Macroeconomic policy that continues to facilitate a tight labor market and the wage growth that has accompanied it in the past two years will help address the four-decades-long negligible wage growth. We should celebrate recent wage gains as an important milestone on the right trajectory, but they are not the end goal: We must ensure that wages for those who earn the least continue to increase.

[Raise the Wage Act specific] The plan solves – it reduces wealth inequality while stimulating the economy.

Economic Policy Institute 21 [Economic Policy Institute, and National Employment Law Project. “Why the U.S. Needs a \$15 Minimum Wage - National Employment Law Project.” National Employment Law Project, 9 Apr. 2024, www.nelp.org/insights-research/u-s-needs-15-minimum-wage/#_edn59.]

The Raise the Wage Act would have the following benefits:[iv] Gradually raising the federal minimum wage to \$15 by 2025 would lift pay for nearly 32 million workers—21% of the U.S. workforce. Affected workers who work year round would earn an extra \$3,300 a year—enough to make a tremendous difference in the life of a cashier, home health aide, or fast-food worker who today struggles to get by on less than \$25,000 a year. A majority (59%) of workers whose total family income is below the poverty line would receive a pay increase if the minimum wage were raised to \$15 by 2025. A \$15 minimum wage would begin to reverse decades of growing pay inequality between the most underpaid workers and workers receiving close to the median wage, particularly along gender and racial lines. For example, minimum wage increases in the late 1960s explained 20% of the decrease in the Black–white earnings gap in the years that followed, whereas failures to adequately increase the minimum wage after 1979 account for almost half of the increase in inequality between women at the middle and bottom of the wage distribution.[v] A \$15 minimum wage by 2025 would generate \$107 billion in higher wages for workers and would also benefit communities across the country. Because underpaid workers spend much of their extra earnings, this injection of wages will help stimulate the economy and spur greater business activity and job growth. Raising the minimum wage to \$15 will be particularly significant for workers of color and would help narrow the racial pay gap. Nearly one-third (31%) of African Americans and one-quarter (26%) of Latinos would get a raise if the federal minimum wage were increased to \$15.[vi] Almost one in four (23%) of those who would benefit is a Black or Latina woman. African Americans and Latinos are paid 10–15% less than white workers with the same characteristics, so The Raise the Wage Act will deliver the largest benefits to Black and Latino workers: about \$3,500 annually for a year-round worker.[vii] Minimum wage increases in the 1960s Civil Rights Era significantly reduced Black–white earnings inequality and are responsible for more than 20% of the overall reduction in later years.[viii] The majority of workers who would benefit are adult women—many of whom have attended college and many of whom have children. More than half (51%) of workers who would benefit are adults between the ages of 25 and 54; only one in 10 is a teenager. Nearly six in 10 (59%) are women. More

than half (54%) work full time. More than four in 10 (43%) have some college experience. More than a quarter (28%) have children. The Raise the Wage Act follows the lead of the growing number of states and cities that have adopted significant minimum wage increases in recent years, thanks to the ‘Fight for \$15 and a union’ movement led by Black workers and workers of color. Since the Fight for \$15 was launched by striking fast-food workers in 2012,[ix] states representing approximately 40% of the U.S. workforce—California, Connecticut, Florida, Illinois, Maryland, Massachusetts, New Jersey, New York, Virginia, and the District of Columbia—have approved raising their minimum wages to \$15 an hour.[x] Additional states—including Washington, Oregon, Colorado, Arizona, New Mexico, Vermont, Missouri, Michigan, and Maine—have approved minimum wages ranging from \$12 to \$14.75 an hour.[xi] Not just on the coasts, but all across the country, workers need at least \$15 an hour today. Today, in all areas across the United States, a single adult without children needs at least \$31,200—what a full-time worker making \$15 an hour earns annually—to achieve a modest but adequate standard of living.[xii] By 2025, workers in these areas and those with children will need even more, according to projections based on the Economic Policy Institute’s Family Budget Calculator.[xiii] For example, in rural Missouri, a single adult without children will need \$39,800 (more than \$19 per hour for a full-time worker) by 2025 to cover typical rent, food, transportation, and other basic living costs. In larger metro areas of the South and Southwest—where the majority of the Southern population live—a single adult without children will also need more than \$15 an hour by 2025 to get by: \$20.03 in Fort Worth, \$21.12 in Phoenix, and \$20.95 in Miami. In more expensive regions of the country, a single adult without children will need far more than \$15 an hour by 2025 to cover the basics: \$28.70 in New York City, \$24.06 in Los Angeles, and \$23.94 in Washington, D.C. Workers in many essential and front-line jobs struggle to get by on less than \$15 an hour today and would benefit from a \$15 minimum wage. Essential and front-line workers make up a majority (60%) of those who would benefit from a \$15 minimum wage.[xiv] The median pay is well under \$15 an hour for many essential and front-line jobs; examples include substitute teachers (\$13.84), nursing assistants (\$14.26), and home health aides (\$12.15).[xv] More than one-third (35%) of those working in residential or nursing care facilities would see their pay increase, in addition to home health aides and other health care support workers. One in three retail-sector workers (36%) would get a raise, including 42% of workers in grocery stores. More than four in 10 (43%) of janitors, housekeepers, and other cleaning workers would benefit. Nearly two-thirds (64%) of servers, cooks, and other food preparation workers would see their earnings rise by \$5,800 on a year-round basis. Ten million workers in health care, education, construction, and manufacturing would see a raise—representing nearly one-third (31%) of the workers who would see a raise. Phasing out the egregiously low sub-minimum wage for tipped workers would lift pay, provide stable paychecks, and reduce poverty for millions of tipped workers. There are 1.3 million tipped workers throughout the country who are paid as little as \$2.13 per hour because Congress has not lifted the federal tipped wage in 30 years. Another 1.8 million tipped workers receive wages above \$2.13, but still less than their state’s regular minimum wage.[xvi] Seven states (Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington) have already eliminated their lower tipped minimum wage. In these “one-fair-wage” states, tipped workers in these states are paid the same minimum wage as everyone else before tips.[xvii] For restaurant servers and bartenders, take-home pay in one-fair-wage states is 21% higher, on average, than in \$2.13 states. Having a lower minimum wage for tipped jobs results in dramatically higher poverty rates for tipped workers. In states that use the federal \$2.13 tipped minimum wage, the poverty rate among servers and bartenders is 13.3%—5.6 percentage points higher than the 7.7% poverty rate among servers and bartenders in one-fair-wage states.[xviii] Eliminating the lower tipped minimum wage has not harmed growth in the restaurant industry or tipped jobs. From 2011 to 2019, one-fair-wage states had stronger restaurant growth than states that had a lower tipped minimum wage—both in the number of full-service restaurants (17.5% versus 11.1%) and in full-service restaurant employment (23.8% versus 18.7%).[xix] Growing numbers of business owners and organizations have backed a \$15 minimum wage.

In states that have already approved \$15 minimum wages, business organizations representing thousands of small businesses have endorsed a \$15 minimum wage. Business groups that have endorsed a \$15 minimum wage include Business for a Fair Minimum Wage,[xx] the American Sustainable Business Council,[xxi] the Patriotic Millionaires,[xxii] the Greater New York Chamber of Commerce,[xxiii] the Long Island African American Chamber of Commerce,[xxiv] and others. Growing numbers of employers have responded to pressure from workers and raised their starting pay scales to \$15 or higher. These include retail giants Amazon,[xxv] Whole Foods[xxvi] (owned by Amazon), Target,[xxvii] Wayfair,[xxix] Costco,[xxx] Hobby Lobby,[xxxi] and Best Buy;[xxxii] employers in the food service and producing industries, such as Chobani,[xxxiii] Starbucks,[xxxiv] Sanderson Farms (Mississippi),[xxxv] and the Atlanta, Georgia locations of Lidl grocery stores;[xxxvi] health care employers including Michigan's Henry Ford Health System[xxxvii] and Trinity Health System,[xxxviii] Ohio's Akron Children's Hospital[xxxix] and Cincinnati Children's Hospital,[xl] Iowa's Mercy Medical Center and MercyCare Community Physicians,[xli] Missouri's North Kansas City Hospital and Meritas Health,[xlii] and Maryland's LifeBridge Health,[xliii] insurers and banks such as Amalgamated Bank,[xliv] Allstate,[xlv] Wells Fargo,[xlvi] and Franklin Savings Bank in New Hampshire[xlvii]; and tech and communications leaders such as Facebook[xlviii] and Charter Communications.[xlix] Although Walmart's starting pay remains at \$11 per hour, the company has responded to public pressure by announcing an increase to \$15 for approximately 50 percent of its workforce. Our economy can more than afford a \$15 minimum wage. Workers earning the current federal minimum wage are paid less per hour in real dollars than their counterparts were paid 50 years ago.[i] Businesses can afford to pay the most underpaid worker in the U.S. today substantially more than what her counterpart was paid half a century ago.[ii] The economy has grown dramatically over the past 50 years, and workers are producing more from each hour of work, with productivity nearly doubling since the late 1960s. If the minimum wage had been raised at the same pace as productivity growth since the late 1960s, it would be over \$20 an hour today.[iii] Research confirms what workers know: Raising wages benefits us all. High-quality academic scholarship confirms that modest increases in the minimum wage have not led to detectable job losses.[iiii] After the federal minimum wage was raised to its highest historical peak in 1968, wages grew and racial earnings gaps closed without constricting employment opportunities for underpaid workers overall.[liv] Comprehensive research on 138 state-level minimum wage increases shows that all underpaid workers benefit from minimum wage increases, not just teenagers or restaurant workers.[lv] Multiple studies conclude that total annual incomes of families at the bottom of the income distribution rise significantly after a minimum wage increase.[lvi] Workers in low-wage jobs and their families benefit the most from these income increases, reducing poverty and income inequality. By providing families with higher incomes, minimum wage increases have improved infant health and also reduced child abuse and teenage pregnancy.[lvii] An immediate increase in the minimum wage is necessary for the health of our economy. Raising the minimum wage now will tilt the playing field back toward workers who have dangerous jobs and little bargaining power during the pandemic.[lviii] Providing underpaid workers with more money will directly counter the consumer demand shortfall during this recession.[lix] Even the Congressional Budget Office's 2019 study of the impact of raising the federal minimum wage to \$15 by 2025 clearly showed that the policy would raise incomes of underpaid workers overall and significantly reduce the number of families in poverty.[ix]

[Wage boards specific] Wage boards solve by reducing wealth inequality across the board – Australia proves.

Dube 19 [Dube, Arindrajit, Provost Professor of Economics at University of Massachusetts Amherst. "Using Wage Boards to Raise Pay." Economics for Inclusive Prosperity, 2019, econfip.org/policy-briefs/using-wage-boards-to-raise-pay/.]

One alternative to a single, high minimum wage involves instituting a wage board that sets multiple minimum pay standards by sector and occupation, potentially chosen using consultation with

stakeholders, such as business and worker representatives and elected representatives (Andrias 2016, Madland 2018). The use of sector and occupation allows particular job types to have minimum pay standards. This would allow raising wages not just for those at the very bottom, but also for those at the middle. For example, janitors working for building services contractors are typically paid fairly low wages. However, the pay ranges are typically above statutory minimum wages, and over 90% of workers in this sector make above the federal minimum wage. This means the minimum wage is not a particularly effective tool to raise pay in this sector. The wage board approach can better reach such low (but not the lowest) rungs of the pay scale. This is effectively done in countries where there are extensions of collective bargaining contracts, but can also be done by setting multiple minimum pay levels statutorily. An example of a wage board approach comes from Australia, which has a combination of 1) national minimum wage, 2) the “Modern Awards” system of industry and occupation-specific minimums, 3) enterprise-level collective bargaining. Around 36% of the workforce is covered by collective bargaining contracts, but another 23% are covered by awards only. The awards are set by a federal tribunal whose members are appointed by the government to serve until the age of 65. Most of these are by industry, although some (e.g., nurses or pilots) are by occupation. There are 122 such awards, and within each there are a host of wage rates based on skill-requirements or experience; there may be anywhere between a handful to several dozen pay grades specified in each agreement. As a practical matter, the annual wage increases are largely similar each year for most awards and pay grades. For example, in 2018, most Modern Award pay standards were increased by 3.5% in low-wage sectors like Retail or Hospitality, the same amount as the baseline minimum wage increase. In some years or particular cases, there may be some additional adjustment to wages to further boost pay in the lowest categories of work to achieve greater pay compression. While it is difficult to definitively assess the impact of the Australian system of labor standards, broad metrics offer a positive verdict. Household inequality in Australia is more muted as compared to the U.S. with a 90/10 ratio of 4.3 instead of 6.3 according to most recent data from the OECD. Importantly, as shown in Figure 3 below, the median wage has kept up with the mean wage in Australia much more than in the US, where the median has stagnated since the 1980s. This evidence is consistent with the view that labor market institutions like the Modern Awards system helped ensure broad based prosperity and ameliorating the growth in wage inequality in Australia, when compared to the US benchmark of de-unionization and erosion of wage standards. At the same time, the more muted growth in inequality is not associated with any obvious differences in labor market performance. While the current unemployment rate in Australia is 5.3% as opposed to 3.9% in the US, averaged over the past 10 years, the respective figures are 5.5% in Australia and 6.9% in the US. Moreover, focusing on younger or lower skilled workers does not yield very different comparisons. Overall, the Australian evidence is broadly consistent with the perspective that judiciously applied wage setting using a wage board system can help ameliorate wage inequality without causing any serious harm to the labor market.

Application to the United States In order to institute wage boards at the national level in the U.S., federal law would need to be changed. However, at the state level, at least 5 states (Arizona, Colorado, California, New Jersey, and New York) already have legislation on the books that allows for constituting wage boards by industry or occupations. At the same time, these boards have been used infrequently. Most prominently, they were used to raise the overall minimum wages in California in the 1990s, and more recently to establish a fast food minimum wage in New York. However, there been little effort to use the wage board mechanism to target wages for the middle of the distribution. At the same time, the machinery is in place to push for a broader array of wage standards. State experimentation with wage boards to set standards higher up in the wage distribution—as in the Australian case—could play a possibly useful role in mitigating wage stagnation and inequality. Moreover, other states can follow suit and establish similar wage board legislation to those in place in California. While details can vary, a wage board system would set minimum pay standards by sector and occupation. This allows the mechanism to affect the distribution of wages not

just at the very bottom but additionally toward the middle of the distribution. As an illustration, I simulate the effect of a wage board by imposing region-by-industry-by-occupation standards, separately calculated by region (specifically 9 census divisions), 17 two-digit industries, and 6 occupational groups producing a total of 102 wage standards. The choice of standards is of course a key issue: to show how this may affect wage inequality, I consider two standards: in the first (“low”) I set the minimum to 30% of the median wage in each of the 102 categories in that particular Census division, while in the second (“high”) I set it to 35% of the median. While as a share of the median wage these two standards seem not to be very far apart, they do imply quite different bites for the policy, as I show below. As a starting point, the wage standards would be binding for 20% and 31% of workers under the low and high scenarios, respectively. In other words, the low and the high scenarios straddle the Australian case—where around 23% of workers’ wages are set by the modern award system. However, Australia also has a substantially higher set of workers with collectively bargained wages (36%) than in the US (12%). Therefore, the “high scenario” would still imply a smaller same set of workers who are covered by either collective bargaining or by a wage board as in Australia. As shown in Figure 4, overall, both the high and low scenarios imply substantial wage gains, especially for the bottom and middle of the wage distribution. Under the low scenario, the 20th, 40th and 60th percentile wage rises by 13, 9 and 4 percent, respectively. When we consider the higher scenario the wage gains extend somewhat further: wages at the same percentiles would rise by 19, 15 and 12 percent, respectively. It is useful to contrast these distributional impact of wage boards with those from typical minimum wage increases in the U.S, which mostly fade out by the 20th percentile of the wage distribution. In other words, wage boards are much better positioned to deliver gains to middle-wage jobs than a single minimum pay standard. Of course, these calculations are illustrative and make many simplifying assumptions such as ruling out additional spillover effects, changes in composition of jobs, to name a few. However, what they show is that a suitably chosen wage standard can substantially raise middle and bottom wages and lower wage inequality.

Consumers are spending less in the status quo

Dickler 24 [Jessica Dickler, 1-10-2024, “Consumer spending growth will slow in 2024, economist predicts — it’s ‘not necessarily sustainable’”, CNBC, <https://www.cnn.com/2024/01/10/consumer-spending-growth-will-slow-in-2024-nrf-chief-economist-says-1>]

Consumer spending remained remarkably resilient throughout 2023, even in the face of prolonged inflation and high interest rates. But that’s unlikely to continue, according to Jack Kleinhenz, chief economist at the National Retail Federation. “A year ago, many commentators were skeptical and calling for a recession, but the recession never came. With each passing month, consumers kept spending despite inflation and higher borrowing costs.” “Nonetheless, those tailwinds are not necessarily sustainable,” Kleinhenz said in the January issue of NRF’s Monthly Economic Review, released Tuesday

Spending will slow in the economy

Lane 6/30 [Terry Lane, 6-30-2024, “Will The Pace of Consumer Spending Slow in the Second Half of 2024?”, Investopedia, <https://www.investopedia.com/consumer-spending-h2-2024-preview-8668759/>]

Consumer spending helped carry the U.S. economy past recession forecasts in 2023 and has remained resilient so far this year even in the face of continued high inflation and interest rates that remain at two-decade highs. The pace of spending has started to slow, however, and economists expect it to moderate further in the back half of 2024. Lower income shoppers are likely to pull back the most, particularly when it comes to discretionary spending, while higher-income spenders are expected to keep the economy moving forward, economists say. Spending Expected to Slow Down A slowdown in real disposable income growth, along with a cooling labor market, higher tax payments and persistent inflation, helped drive spending lower in the first quarter, according to Oxford Economics, which forecasts that consumer spending will continue its gradual slowdown in the second half of the year.¹ “The weaker personal income and spending numbers, together with the downward revisions to consumption growth for the first quarter, have raised concerns that the core engine of the economy is slowing,” wrote Oxford Deputy Chief US

Economist Michael Pearce. "Consumer spending growth is moderating from last year, though we expect only a gradual slowdown at best over the second half." Wells Fargo also identified slower spending trends, lowering its consumer spending growth estimate by more than a percentage point for the second quarter to 1.9%. BMO Economics has also lowered its expectation for consumer spending and expects the slowdown to continue.² "We expect this moderation in income and demand growth to hang over the U.S. economy's performance for much of this year," BMO Chief U.S. Economist Scott Anderson wrote. Younger, Poorer Consumers Feel the 'Squeeze' Recent data from the Census Bureau showed that retail sales rose just 0.1% in May compared to the previous month, which was a weaker reading than economists had expected. In addition, April's sales figures were revised to a 0.2% decline rather than staying flat as the bureau initially reported. Oxford Economics notes that household balance sheets remain resilient, with assets rising while debt relative to income has declined. "Middle- and high-income households, who are responsible for most consumer spending, remain in strong shape," Pearce wrote. However, data show that younger and poorer households missed out on the opportunity to build savings during the pandemic and are now relying on a strong labor market to keep up their spending. "That explains why their spending has been squeezed, and a subset of consumers relying on credit cards are increasingly facing delinquency and default," he wrote. Discretionary spending on things like recreation, entertainment and eating at restaurants and travel will likely be cut back, as will big-ticket purchases made on credit. "Businesses need to prepare for an environment where consumers are not splurging like they were last year," said Jeffrey Roach, LPL Financial chief economist. Fed Closely Watching Consumers Amid Inflation Fight The Federal Reserve raised interest rates to decades-high levels in order to keep prices from spiraling out of control. Now, with interest rates elevated for more than a year, officials are looking at consumer spending numbers to see if the increased borrowing costs are serving their intended purpose of slowing spending enough to keep price hikes in check. The effect of interest rates can be seen on consumer spending in some categories, Federal Reserve Gov. Governor Adriana D. Kugler said earlier this month, especially as pandemic-era savings are spent down.³ Federal Reserve Board. "Speech by Governor Kugler on the economic outlook and monetary policy." "While consumption growth has been resilient over the past couple of years, fueled in part by excess savings accumulated during the pandemic and solid real wages that now exceed pre-pandemic levels, it slowed noticeably in the first quarter, especially for spending on goods," Kugler said at a recent event in Washington, D.C. "High interest rates have left a mark on consumer assessments of buying conditions for motor vehicles and other large durable goods, which often have to be financed," Kugler added.

Low wages hurt consumer spending; Economists prove

Saphir 24 [Ann Saphir, 9-12-2024 "Shrinking cash cushions may pinch US consumer spending, SF Fed report says", Reuters, <https://www.reuters.com/markets/us/shrinking-cash-cushions-may-pinch-us-consumer-spending-sf-fed-report-says-2024-08-12/>]

Aug 12 (Reuters) - Middle- and low-income U.S. families now have significantly fewer liquid resources like bank deposits than they were on track to have before the disruptions of the COVID-19 pandemic, creating financial strains that pose a risk to consumer spending, the backbone of the economy. Research published on Monday by the Federal Reserve Bank of San Francisco showed that for the top 20% of households by income, liquid assets - including cash and funds in savings, checking and money market accounts - rose sharply in 2020 into early 2021. They then dropped gradually and are now about 2% below what would have been expected without the pandemic shock. But for the rest of American households, those liquid assets rose less sharply and the excess was depleted earlier and is now about 13% lower than the projected path prior to the pandemic. At the same time credit card delinquencies among these middle- and low-income families rose earlier, faster, and to "notably higher" rates than for high-income families, they showed. "Smaller financial cushions and heightened credit stress for households at the bottom 80% of the income distribution pose a risk to future consumer spending growth," wrote economists Hamza Abdelrahman, Luiz Edgard Oliveira and Adam Shapiro. Consumer spending - accounting for roughly two-thirds of U.S. economic output - and the labor market held up unexpectedly well during the Fed's 2022-2023 rate-hike campaign, bolstering optimism among policymakers that they could quell inflation without triggering a recession and sharp rise in

unemployment - a rare economic "soft landing." U.S. central bankers have said that continued strength in the real economy has given them room to hold the policy rate in its current 5.25%-5.50% range so as to keep up the downward pressure on inflation. Recent economic data, however - including a report showing a jump in the unemployment rate to a post-pandemic high of 4.3% and a slowdown in hiring in July - have fueled fears that policy may be becoming too restrictive. Monday's research from the San Francisco Fed may add to the sense that cracks are building. While consumer spending contributed significantly to the stronger-than-expected pace of economic growth in the second quarter, its monthly growth rate has slowed. Spending growth averaged 0.3% in the three months through June, its slowest average pace in more than a year.

A living wage increases consumer spending.

National Employment Law Project 24 National Employment Law Project. "Minimum Living Wage." *National Employment Law Project*, 2024, <https://www.nelp.org/explore-the-issues/minimum-living-wage/>. Accessed 23 July 2024.

Minimum wage increases stimulate the economy by increasing consumer spending without adding to state and federal budget deficits. Consumer spending drives 70 percent of the economy, and increasing demand is key for jumpstarting and maintaining production and hiring. A raise in the minimum wage puts money into people's pockets, and that money gets spent at local businesses. The Economic Policy Institute estimates that the Raise the Wage Act, which would raise the federal minimum wage to \$17 per hour by 2028, would result in wage increases totaling more than \$86 billion for roughly 28 million workers in communities across the country.

Higher wages increase consumer spending; history proves

Filion 09 [Kai Filion, 5-27-2009, "Increases in minimum wage boost consumer spending", Economic Policy Institute, https://www.epi.org/publication/snapshot_20090527/]

The recently enacted American Recovery and Reinvestment Act included policies to help struggling families and create jobs. But an extremely effective and simple policy that achieves both of these goals is often overlooked: increases in the minimum wage. Each increase provides financial relief directly to minimum wage workers and their families and helps stimulate the economy. By increasing families' take-home pay, workers gain both financial security and an increased ability to purchase goods and services, thus creating jobs for other Americans. A three-step federal minimum wage increase was passed by Congress in 2007. The first step took place in July of 2007, with a year between each step. In a forthcoming paper, we estimate the total impact of each increase using results from a study by economists at the Federal Reserve Bank of Chicago (Aaronson et al. 2008) that measures the effect of minimum wage increases on spending. The first two increases in July 2007 and July 2008 will have generated an estimated \$4.9 billion of spending by July 2009, precisely when our economy needs it the most (see Figure). Furthermore, the final increase in July 2009 is expected to generate another \$5.5 billion over the following year. The paper also shows that if the minimum wage were increased to \$9.50 in 2011, as President Obama promised during the election, an estimated \$60 billion of additional spending would be generated over two years.¹ [figure] These results demonstrate that an increase in the minimum wage would not only benefit low-income working families, but it would also provide a boost to consumer spending and the broader economy.

Consumer spending increases economic growth

Anderson 14 Anderson, Sarah. "Wall Street Bonuses and the Minimum Wage." *Institute for Policy Studies*, 12 March 2014, https://ips-dc.org/wall_street_bonuses_and_the_minimum_wage/.

Wall Street banks handed out \$26.7 billion in bonuses to their 165,200 employees last year. That amount would be enough to more than double the pay for all 1,085,000 Americans who work full-time

at the current federal minimum wage of \$7.25 per hour. Purveyors of luxury goods always welcome the Wall Street bonus season, but a raise in the minimum wage would give America's economy a much greater boost. To meet basic needs, low-wage workers tend to spend nearly every dollar they make. The wealthy can afford to squirrel away more of their earnings. All those dollars low-wage workers spend create an economic ripple effect. Every extra dollar going into the pockets of low-wage workers, standard economic multiplier models tell us, adds about \$1.21 to the national economy. Every extra dollar going into the pockets of a high-income American, by contrast, only adds about 39 cents to the GDP. These pennies add up considerably on \$26.7 billion in earnings. If the \$26.7 billion Wall Streeters pulled in on bonuses in 2013 had gone to minimum wage workers instead, our GDP would have grown by about \$32.3 billion, over triple the \$10.4 billion boost expected from the Wall Street bonuses. This immense GDP differential only speaks to one price we pay for our contemporary Wall Street bonus reward culture. Huge bonuses, we learned from the 2008 financial industry meltdown, create an incentive for high-risk behaviors that endanger the entire economy. And regulators have failed to implement a provision in the 2010 Dodd-Frank financial reform legislation to prohibit financial industry pay packages that encourage "inappropriate risks." Low-wage jobs, on the other hand, endanger nothing. Concentrated in agriculture, hospitality, and retail, these jobs provide real services. They deserve much higher minimal rewards.

Consumer Spending empirically increases growth

Mutikani 23 Mutikani, Lucia. "Wages boost US labor costs, house price inflation picks up." *Reuters*, 31 October 2023, <https://www.reuters.com/markets/us-labor-costs-growth-beat-expectations-third-quarter-2023-10-31/>.

WASHINGTON, Oct 31 (Reuters) - U.S. labor costs increased solidly in the third quarter amid strong wage growth while house price inflation accelerated in August, the latest signs that the Federal Reserve could keep interest rates high for some time. The reports on Tuesday pose a threat to efforts by the U.S. central bank to bring inflation to its 2% target. Fed officials started a two-day policy meeting on Tuesday. The U.S. central bank is expected to leave interest rates unchanged but maintain its hawkish bias at the conclusion of that meeting as a recent spike in U.S. Treasury yields and stock market sell-off have tightened financial conditions. "Those wage increases are likely to keep inflation running above target while higher house prices could lead to a pick-up in shelter inflation," said Andrew Hollenhorst, chief U.S. economist at Citigroup in New York. "For now the Fed will remain on-hold, but the evident upside risk to inflation means Chair (Jerome) Powell and committee will keep potential further rate hikes on the table." The Employment Cost Index (ECI), the broadest measure of labor costs, rose 1.1% last quarter after increasing 1.0% in the April-June period, the Labor Department's Bureau of Labor Statistics reported. Economists polled by Reuters had forecast the ECI would rise 1.0%. Labor costs increased 4.3% on a year-on-year basis, the smallest gain since the fourth quarter of 2021, after advancing by 4.5% in the second quarter. Growth in annual compensation is gradually slowing after peaking at 5.1% last year, in line with some easing in labor market conditions. It, however, remains well above the pre-pandemic pace. The rise in compensation helps to explain the surge in consumer spending last quarter, which contributed to the fastest economic growth rate in nearly two years. The ECI is widely viewed by policymakers and economists as one of the better measures of labor market slack and a predictor of core inflation because it adjusts for composition and job-quality changes. Since March 2022, the Fed has raised its policy rate by 525 basis points to the current 5.25%-5.50% range. Wages increased 1.2% in the third quarter after climbing 1.0% in the prior three months. They were up 4.6% on a year-on-year basis after advancing by the same margin in the second quarter. Strong wage growth is being driven by worker shortages that still persist in some services industries. September's job openings data on Wednesday will shed light on the state of demand for labor. Though consumers continue to worry about the economy's outlook, more are planning vacations over the next six months and are not contemplating scaling back in a major way on purchases of motor vehicles and other big-ticket items,

according to a survey from the Conference Board on Tuesday. Their concerns about the economy center around the violence in the Middle East as well as domestic politics, likely reflecting the protracted battle to elect a speaker in the U.S. House of Representatives. The Conference Board's so-called labor market differential, derived from data on respondents' views on whether jobs are plentiful or hard to get, rose to 26.3 from 25.5 in September. This measure correlates to the unemployment rate from the Labor Department. Overall, the consumer confidence index dropped moderately to 102.6 this month from 104.3 in September. "The U.S. consumer is in okay financial shape," said Bill Adams, chief economist at Comerica Bank in Dallas. "For well-off Americans, inflation is a source of frustration but not enough to force cutbacks in overall spending." Stocks on Wall Street were trading lower. The dollar gained versus a basket of currencies. U.S. Treasury prices rose. The compensation report showed private-sector wages gained 1.1% after rising 1.0% in the April-June quarter. They advanced 4.5% on a year-on-year basis. There were notable increase in wages in the financial activities and education and health services sectors. But wage growth slowed in the leisure and hospitality industry, which had experienced worker shortages. Manufacturing also reported a moderation in wage gains. State and local government wages shot up 1.8% after increasing 0.8% in the prior quarter. They were driven by rises in education and health services as well as public administration. State and local government wages increased 4.8% on a year-on-year basis, the most since the government started tracking the series in 2001. Inflation-adjusted wages for all workers rose 0.9% on a year-on-year basis after jumping 1.7% in the second quarter. While slowing, wages should continue to underpin spending. Benefits rose 0.9% last quarter after climbing by the same margin in the April-June period. They increased 4.1% on a year-on-year basis. Economists expected the higher wages and benefits to pressure corporate profits, with Nationwide chief economist Kathy Bostjancic noting that "some companies are losing a bit of their pricing power." A third report from the Federal Housing Finance Agency showed house prices increased 0.6% in August, driven by an acute shortage of previously owned homes. House prices rose 0.8% in July. While lofty house prices are boosting household wealth, they could keep inflation elevated in the near-term. In the 12 months through August, house prices accelerated 5.6% after advancing 4.6% in July. With the rate on the popular fixed 30-year mortgage near 8%, some economists see limited scope for house prices to keep rising, which would result in rents contributing less to inflation. Higher rents were the major drivers of inflation in September after cooling somewhat in prior months. Even as house prices continue to march higher, there are signs that shelter inflation could moderate next year. A fourth report from the Commerce Department's Census Bureau showed the rental vacancy rate jumped 6.6% in the third quarter, the highest since the first quarter of 2021, from 6.3% in the April-June period. "We still think it is likely that the surge in mortgage rates will slow the rise in prices in the secondary market going forward," said Lou Crandall, chief economist at Wrightson ICAP in New York.

Consumer spending is a major driver of growth, research proves:

CRS 20 [Congressional Research Service, October 2 2020 <https://crsreports.congress.gov/product/pdf/IF/IF11657/1>]

Consumer spending is a key driver of short-run economic growth in the U.S. economy. During the initial months of the Coronavirus Disease 2019 (COVID-19) pandemic, consumer spending dropped at a rapid and historic rate. This In Focus provides an overview of consumer spending, summarizes recent trends, describes its relationship with the business cycle, and discusses policy that can impact and be affected by consumer spending. How Consumer Spending Is Measured As defined by the Bureau of Economic Analysis (BEA), consumer spending, also referred to as personal consumption expenditures (PCE), is the value of the goods and services purchased by, or on the behalf of, persons (households and nonprofit institutions serving households) living in the United States. PCE comprises roughly two thirds of gross domestic product (GDP) and is therefore typically a large component of short-run economic growth

Consumer spending key to economic recovery

Ember 24 [Sydney Ember, Jordyn Holman and Julie Creswell, 8-7-2024, "Recession Risks Rise as Consumers Turn Cautious", , <https://www.nytimes.com/2024/08/07/business/economy/recession-consumer-spending.html>]

The economy's resurgence from the pandemic shock has had a singular driving force: the consumer.

Flush with savings and buoyed by a sizzling labor market, Americans have spent exuberantly, on goods such as furniture and electronics and then on services including air travel and restaurant meals. How long this spending will hold up has become a crucial question. Despite contortions in world markets, many economists are cautioning that there is no reason to panic — at least not yet. In July, there was a notable slowdown in hiring and a jump in the unemployment rate to its highest level since October 2021, but consumer spending has remained relatively robust. Wages are rising, though at a slower rate, and job cuts are still low. "Overall, there isn't evidence of a retrenchment in consumer spending," said Gregory Daco, chief economist at the consulting firm EY-Parthenon. The strength of spending helped power greater-than-expected economic growth in the spring. That could change if the labor market's slowdown accelerates. Already, some consumers, especially those with lower incomes, are feeling the dual pinch of higher prices and elevated interest rates that are weighing on their finances. Credit card delinquencies are rising, and household debt has swelled. Pandemic-era savings have dwindled. In June, Americans saved just 3.4 percent of their after-tax income, compared with 4.8 percent a year earlier. On calls with investors and in boardrooms around the country, corporate executives are acknowledging that customers are no longer spending as freely as they used to. And they are bracing themselves for the slide to continue. On Wednesday, Disney cited a "moderation of consumer demand" that "exceeded our previous expectations" for a newly challenging outlook at its theme parks, a key to its profitability. "The lower-income consumer is feeling a bit of stress," with less to spend on amusements, Hugh F. Johnston, Disney's chief financial officer, told analysts. There is also apprehension among retailers, fast-food chains and packaged-goods makers. "We are seeing cautious consumers," Brian Olsavsky, Amazon's chief financial officer, said on a call with reporters last week. "They're looking for deals." Chris Kempczinski, the chief executive of McDonald's, likewise noted last week that some lower-income consumers were "dropping out of the market, eating at home and finding other ways to economize." McDonald's, which reported a 1 percent decline in global same-store sales, a measure of year-over-year retail sales for companies, in the quarter that ended in June, has been trying to lure back consumers with a \$5 value meal. Other fast-food brands are introducing similar deals. Taco Bell is offering a variety of tacos and burritos priced at less than \$3. Burger King is selling a "Your Way Meal" for \$5. Advertisement SKIP ADVERTISEMENT Many food manufacturers, which are seeing volumes decline as consumers buy less or trade down to less expensive store-brand options, also say they plan to reduce prices on some foods, increase portions on others and offer more sales. After reporting a 0.5 percent decline in revenues in the second quarter in its Frito-Lay snack business from year-ago levels, a result of a 4 percent drop in volumes, executives at PepsiCo noted that some consumers had become more price-sensitive about some of its salty snacks, like Tostitos tortilla chips and Ruffles potato chips. As a result, the company said, it plans to cut prices or offer more sales on certain snacks. "You see different behaviors happening everywhere," Ramon Laguarta, PepsiCo's chief executive, said on an earnings call last month. "The connecting line would be: The consumer is more cautious, but the consumer is willing to spend in areas where they see value." Retail sales have not buckled. In June, the most recent month for which data is available, they were unchanged from the month before, according to the Commerce Department, defying expectations of a decline. But retailers are also observing changes in consumer spending.

Raising federal minimum wage helps families to grow the economy

Cooper 13 [David Cooper, 3/13/2013, "Raising the federal minimum wage to \$10.10 would give working families, and the overall economy, a much-needed boost", Economic Policy Institute, <https://www.epi.org/publication/bp357-federal-minimum-wage-increase/>]

By highlighting the need to increase the federal minimum wage in his State of the Union address, President Obama breathed new life into a critically important issue. Wages for U.S. workers, particularly low-wage workers, have eroded not just in recent years, but over several decades (Mishel 2013; McNichol et al. 2012). This erosion has contributed to the growth of income inequality, leaving the economy less vibrant than if incomes were distributed more evenly. Raising the minimum wage and incorporating a system for automatic adjustment over time is key to reversing this erosion of low-wage workers' earnings, and would help combat growth of income inequality. Following the president's expression of support for a \$9.00 minimum wage, Sen. Tom Harkin (D-Iowa) and Rep. George Miller (D-Calif.) indicated their support for increasing the minimum wage to \$10.10 (this proposal follows their 2012 effort to pass legislation supporting a \$9.80 minimum wage). Their proposal—now formalized as S.460, the Fair Minimum Wage Act of 2013—would increase the minimum wage via three incremental increases of \$0.95, and then index it to inflation, so that as prices rise, so would the minimum wage. Also, the tipped minimum wage (the minimum wage paid to workers who earn a portion of their wages in tips) would be increased in \$0.85 increments from its current value of \$2.13 per hour, where it has languished since 1991, until it reaches 70 percent of the regular minimum wage. Raising the minimum wage would help reverse the ongoing erosion of wages that has contributed significantly to growing income inequality. At the same time, it would provide a modest stimulus to the entire economy, as increased wages would lead to increased consumer spending, which would contribute to GDP growth and modest employment gains. This paper begins by examining the minimum wage in context, noting where the minimum wage would be today had it grown at the same rate as other important benchmarks over the last few decades. It then provides a demographic overview of the workers who would benefit from the proposed minimum-wage increase, examining characteristics such as their gender, age, race and ethnicity, educational attainment, work hours, family income, and family composition. Next, it details the estimated GDP and job creation impacts that would result from increasing the federal minimum wage to \$10.10. Key findings include: Increasing the federal minimum wage to \$10.10 by July 1, 2015, would raise the wages of about 30 million workers, who would receive over \$51 billion in additional wages over the phase-in period.¹ Across the phase-in period of the minimum-wage increase, GDP would increase by roughly \$32.6 billion, resulting in the creation of approximately 140,000 net new jobs (and 284,000 job years) over that period. Those who would see wage increases do not fit some of the stereotypes of minimum-wage workers. Women would be disproportionately affected, comprising 56 percent of those who would benefit. Over 88 percent of workers who would benefit are at least 20 years old. Although workers of all races and ethnicities would benefit from the increase, non-Hispanic white workers comprise the largest share (about 54 percent) of those who would be affected. About 44 percent of affected workers have at least some college education. Around 55 percent of affected workers work full time, 70 percent are in families with incomes of less than \$60,000, more than a quarter are parents, and over a third are married. The average affected worker earns about half of his or her family's total income. The minimum wage in context President Obama noted in his most recent State of the Union address that a parent who is a minimum-wage worker and works full time, year round, does not earn enough to be above the federal poverty line. This was not always the case. Figure A shows the annual earnings of a minimum-wage worker compared with the federal poverty line for a family of two or three. Until the 1980s, earning the minimum wage was enough to lift a single parent out of poverty. Indeed, a minimum-wage income in 1968 was higher than the poverty line for a family of two adults and one child. But as the figure shows, today's minimum wage is not enough for single parents to reach even the most basic threshold of adequate living standards. Figure A

Inequality

About 38 million Americans are in poverty and minorities are being hit the hardest

Center for American Progress '22 [Center for American Progress, "Data on Poverty in the United States", 15 December 2022, <https://www.americanprogress.org/data-view/poverty-data/>]

The Center for American Progress' new poverty data project contains U.S. Census Bureau data on the national, state, and congressional district levels, all in one place. Below, users can explore data on poverty and more than a dozen other topics that measure the health of the economy, as well as identify potential solutions to the problems these data reveal.

¶Poverty rate (OPM) 1 11.5% 37.9 million people
Percentage of people who fell below the poverty threshold—\$29,678 for a family of four—in 2022

¶Double the poverty threshold (OPM) 2 27.5% ¶Percentage of people who fell below twice the poverty threshold—\$59,356 for a family of four—in 2022 ¶Half the poverty threshold (OPM) 3 5.5% ¶Percentage of people who fell below half the poverty threshold—\$14,839 for a family of four—in 2022 ¶Child poverty rate (OPM) 4 15% 10.8 million people. ¶Percentage of children under age 18 who fell below the poverty threshold in 2022 ¶Women's poverty rate (OPM) 5 12.5% 20.8 million people ¶Percentage of women who fell below the poverty threshold in

2022 ¶Men's poverty rate (OPM) 6 10.5% 17.1 million people ¶Percentage of men who fell below the poverty threshold in 2022 ¶

African-
American poverty rate (OPM) 7 17.1% 7.6 million people ¶Percentage of African-Americans who fell

below the poverty threshold in 2022 ¶Hispanic or Latino poverty rate (OPM) 8 16.9% 10.8 million people

Percentage of Hispanics or Latinos who fell below the poverty threshold in 2022 ¶Asian-American poverty rate

(OPM) 9 8.6% 1.9 million people ¶Percentage of Asian-Americans who fell below the poverty threshold in 2022 ¶

White poverty rate
(OPM) 10 8.6% 16.7 million people Percentage of non-Hispanic or Latino Whites who fell below the

poverty threshold in 2022 · Native American poverty rate (OPM) 11 25% 1 million people

Percentage of Native Americans who fell below the poverty threshold in 2022 People with disabilities

poverty rate (OPM) 12 24% 3.8 million people Percentage of people with disabilities ages 18-64 who fell

below the poverty threshold in 2022

Racial Minorities disproportionately make less in the status quo

Greenwood 23 [Greenwood, Shannon. "2. Wealth Gaps across Racial and Ethnic Groups." Pew Research Center, Pew Research Center, 4 Dec. 2023, www.pewresearch.org/2023/12/04/wealth-gaps-across-racial-and-ethnic-groups/.]

Only 45% of Black households were in either the middle or upper wealth tiers in 2021, the lowest share

among the groups examined. The majority of Black households (55%) were in the lower wealth tier in

2021 – that is, they had less than \$41,700 in wealth. A somewhat greater share of Hispanic households

(52%) were in the middle or upper wealth tier, and 48% were in the lower wealth tier. In contrast, more

than 70% of White and Asian households were in either the middle or upper wealth tier. Roughly one-

third of Asian households (36%) were in the upper tier alone, with a net worth of more than \$667,500 in

2021. Slightly more than a quarter (28%) of White households were in the upper tier. Increases in

household wealth during the pandemic did lead to a more equal distribution of wealth. The share of

households in the middle tier increased from 41% in 2019 to 44% in 2021. Meanwhile, the shares of

households in the lower and upper wealth tiers edged down by 2 percentage points each. A similar shift

to the middle was seen in Hispanic and White households, whose shares in the middle wealth tier

increased by 3 to 4 points from 2019 to 2021. However, no such change was experienced by Asian

households, with their share in the middle wealth tier holding at 39%.

households, with their share in the middle wealth tier holding at 39%.

A Living Wage is key to combating working poverty that disproportionately impacts structurally oppressed groups

Barford et al. 22 [Anna Barford, Richard Gilbert, Annabel Beales, Marina Zorila and Jane Nelson, 2022, "The case for living wages: How paying living wages improves business performance and tackles poverty," https://www.cisl.cam.ac.uk/files/the_case_for_living_wages_report_2022.pdf]

Amongst the poor, certain demographic groups are overrepresented. Indigenous people are over three times more likely than non-indigenous people to be in extreme poverty.³⁰ In the USA, black people are overrepresented amongst the poor (by 1.8 times).³¹ Women are more likely than men to be living in poverty.³² A recent report by Oxfam analysed low wages in the USA that highlighted the relationship between gender and racial dynamics and low pay.³³ Furthermore, poverty can affect resilience. For example, poorer people with less reliable work and minimal access to social protection and health care are worse impacted by the COVID-19 pandemic than their better-off counterparts.³⁴ Patterns of working poverty are geographically heterogeneous and in flux (figure 4). Income and wealth inequality are significant drivers of societal dysfunction - to the extent that nearly all social problems are worse in countries with greater income inequality. ³⁵ Even before the COVID-19 pandemic struck, the private rate of return on capital was so much greater than the growth of income or output, that without redistributive interventions the gap between the rich and poor was set to widen further.³⁶ And the inequalities we face are enormous, with the world's billionaires - just 2,153 people - having more wealth than the poorest 4.6 billion people.³⁷ The payment of living wages offers a route out of working poverty, and a partial solution to the broader challenge of inequality. An old idea, but a good one, the living wage provides for the needs of the worker and their families, with enough extra for savings.³⁸ The impetus to end poverty, in all its forms, everywhere, is enshrined in the United Nations Sustainable Development Goal 1; while Goal 10 is to reduce inequality within and between countries.³⁹ Furthermore, through addressing poverty, other Sustainable Development Goals can also be addressed, such as gender equality, zero hunger, and access to health care and education (Figure 1).

The living wage is key to fighting economic and racial inequality

Monroe 20 [Monroe, Maria. "Why Minimum Wages Are a Critical Tool for Achieving Racial Justice in the U.S. Labor Market." Equitable Growth, 29 Oct. 2020, [equitablegrowth.org/why-minimum-wages-are-a-critical-tool-for-achieving-racial-justice-in-the-u-s-labor-market.](https://equitablegrowth.org/why-minimum-wages-are-a-critical-tool-for-achieving-racial-justice-in-the-u-s-labor-market/)] This issue brief shows how minimum wages were and remain an important tool for racial justice. We first examine the role of minimum wages today in perpetuating the current racial income divide. We then review who was covered historically by minimum wages, and how the changing real value of minimum wages over time and across geographic divides reflect continued structural racism. We then close with an analysis of what it would mean for economic security of Black and Latinx families to increase the federal minimum wage closer to a living wage. Low minimum wages and the racial wage divide. The racial wage divide is one of the most persistent features of the U.S. labor market. Yet a greater proportion of specific wage gaps between Black men and White men and Black women and White men are "unexplained" by the so-called human capital model or are interpreted by economists as the result of overt discrimination, compared to the gender wage gap between all men and all women workers, which is explained to a greater extent by differences in occupational segregation. What is clear is that the wage gap between Black and White workers persists across the wage distribution and is larger at the top of end of the wage distribution, where Black workers are excluded from high-wage jobs. One of the primary reasons this racial wage divide is less severe at lower wage levels is because of the minimum wage. By design, minimum wages boost the pay of workers who are among the lowest - paid in the U.S. labor market. And Black workers have the highest share of those who are paid the minimum wage among all major racial and ethnic groups in the United States. Increasing the minimum wage to \$15 an hour, for example, would increase the earnings of 38.1 percent of Black workers, compared to 23.2 percent of White workers. This calculation is based on a combination of workers in states whose minimum wage is determined by the current federal minimum wage of \$7.25 per hour, workers in states with a state minimum wage below the federal minimum, and workers in all other states who are currently earning less than \$15 per hour. Black and Latinx workers also are more likely to experience wage theft, where they are paid less than the statutory minimum wage by their employers, because of the ineffective enforcement of minimum wage standards. According to new research by

Rutgers University labor market researchers Janice Fine, Jenn Round, Daniel Galvin, and Hana Shepherd, Black workers are 50 percent more likely than White workers to experience a minimum wage violation, and Latinx workers are 84 percent more likely to experience this serious labor market problem. Black women who are not U.S. citizens are 3.7 times—370 percent—more likely to experience a minimum wage violation, compared to White male U.S. citizens.

Poverty is an everyday violence – killing people in the shadows everyday

Mueller, et al. 23. [Professor of Medicine and Biomedical Ethics at Mayo Clinic College of Medicine and Science in Rochester, MN, medical degree from John Hopkins] “Poverty Is a Leading Cause of Death in the U.S.”, NEJM Journal Watch, accessed - 07-20-24, published - 04-20-23, <https://www.jwatch.org/na56040/2023/04/20/poverty-leading-cause-death-us>]

Current poverty is associated with 42% excess risk for death. Cumulative poverty (i.e., 10 continuous years of poverty) is associated with 71% excess risk for death. Survival of people in poverty diverges from those not in poverty at age 40. Divergence peaks at age 70 and diminishes thereafter. In 2019, among people who were 15 or older, cumulative poverty was the fourth leading cause of death (296,000 deaths), behind heart disease, cancer, and smoking, and ahead of dementia and obesity. Current poverty was the seventh leading cause (183,000 deaths), ahead of accidents, chronic lung disease, stroke, suicide, and homicide.

The cost of living is at a record high and poverty is rising – the only option is a living wage

De Schutter 23 [Professor Olivier De Schutter was appointed United Nations Special Rapporteur on extreme poverty and human rights in 2020. He is a Professor of Law at UCLouvain (Leuven, Belgium) and SciencesPo (Paris, France), 10/17/2023, “What a ‘living wage’ really means in today’s cost-of-living crisis,” <https://www.ips-journal.eu/topics/future-of-social-democracy/what-a-living-wage-really-means-in-todays-cost-of-living-crisis-7059/>]

The link between being employed and escaping poverty is not as straightforward as one would hope. Low wages are keeping one in five workers trapped in poverty across the globe. In Africa, nearly 55 per cent of workers live in poverty, 6.3 million people are classified as ‘working poor’ in the United States, and 8.5 per cent of workers are considered ‘at risk of poverty’ in the European Union. In other words, having a job is not the route out of poverty it once was. A global cost-of-living crisis has aggravated the situation further. While annual inflation reached its highest-ever level in the EU in 2022, more than tripling to 9.2 per cent, wages lagged far behind, increasing by just 4.4 per cent. A similar picture has emerged across other world regions, stretching workers’ poverty wages beyond the breaking point. Globally, wages fell in real terms by 0.9 per cent in the first half of 2022: the first negative global wage growth this century. The world’s workers are facing a purchasing power crisis of unprecedented proportions. Minimum wages, minimum impact Minimum wages – the legal minimum a worker can be paid – are in place in more than 90 per cent of the International Labour Organisation’s (ILO) 187 member countries. An encouraging statistic, but behind lurk a number of major challenges. In the United States, to take just one example, the federal minimum wage is \$7.25 per hour. This was last updated in 2009 and is not automatically adjusted for inflation. As a result, the US offers some of the lowest wages in the industrialised world, and workers with a high school diploma actually made 2.7 per cent less in 2017 than they would have in 1979 when adjusted for inflation. For work to lift people out of poverty, all workers – no matter their status – must be paid enough to cover their basic needs. But the US is not an exception. Worryingly, failing to update the minimum wage is common practice. And even when minimum wages are increased, they are often still insufficient to keep up with the soaring cost of living. A recent ILO assessment covering 10 countries showed that, while most increased the cash minimum wage between 2015 and 2022, in eight of them, inflation meant that the real minimum wage was worth less by 2022 than it had been in 2015. Even when minimum wages are in place, and even when they are regularly updated, countless workers miss out either due to poor enforcement by labour inspectorates or de facto exclusion from minimum wage regulations, such as is the case for informal

workers, domestic workers, agricultural workers, home-based workers and undocumented migrant workers, amongst others. A true 'living wage' The answer can seem frustratingly simple. For work to lift people out of poverty, all workers – no matter their status – must be paid enough to cover their basic needs. This is the thinking behind the idea of a 'living wage' — one that is adjusted in line with the cost of living to guarantee all workers a decent life for themselves and their families, meaning being able to meet the costs of necessities such as food, housing and sanitation (as stipulated under international human rights law).

Living wage key to closing gender gaps

Butler and Giloth 24. [Felicity Butler [BSR Manager for Equity, Inclusion, and Justice] and Emma Giloth [BSR Associate Director for Consumer Sectors and Human Rights].

"Closing the Gender Gap: Addressing Wage Inequality" Business for Social Responsibility. March 8, 2024. <https://www.bsr.org/en/blog/closing-the-gender-gap-addressing-wage-inequality>]

Gender wage gap: Addressing living wages involves ensuring fair compensation for all workers, regardless of gender. The reality is that women account for 80 percent of the global labor force in the apparel sector, but the actual labor costs account for just 0.6 percent of the retail price. Unpaid care work: Women often bear a disproportionate burden of unpaid care work, such as childcare and household chores. This limits their ability to participate fully in the workforce and contributes to their vulnerability to low wages. Implementing living wages can help alleviate financial pressure on women and recognize the value of their unpaid care work. The WageIndicator Foundation, Anker Research Institute and Living Wage for US methodologies assume two working adults per family, with one of the two adults working based on the national labor participation rate to account for unpaid care work. Childcare costs: Until recently, many living wage methodologies did not explicitly account for the cost of childcare, even though this is often a prerequisite for women to be able to work. The Organisation for Economic Co-operation and Development (OECD) estimated that "without any support measures, in EU countries on average, gross full-time childcare fees for two children aged two and three represent nearly 25 percent of the median full-time wage for women." To address this issue, the Anker Methodology now includes a post-check on education costs, including preschool and nurseries for regions where these costs are commonly incurred, and the Living Wage for Us methodology includes the average cost of childcare per county in the US. In many value chains, women make up the majority of the workforce. There is disparity between men and women in work and pay due to gender stereotypes and social norms. This is despite increasing access to education and higher rates of participation of women and girls in the labor market. Additionally, women farmers often have less access to resources such as land, credit, seeds, fertilizers, and agricultural training compared to men. This limited access can hinder their productivity. If there was no gender gap in farm productivity and no wage gap in the agrifood system, it could increase gross domestic product (GDP) by 1 percent or nearly US\$1 trillion dollars. As a result, this would reduce global food insecurity by 2 percent and reduce the number of food-insecure people by 45 million. Many women are further discriminated because of intersecting identities such as age, class, ethnicity, caste, migration status, gender identity, faith, sexual orientation, and other factors. This may not be evident to companies as there is a lack of data, meaning women workers in value chains are "invisible."

Income disparities are a global risk

Hilary ND [John Hilary, Executive Director of Warrant on Want, Honorary Professor in the School of Politics and International Relations at the University of Nottingham, Parliament Political, ND, "The Living Wage, Winning the fight for social justice", Warrant on Want.]

There is a growing consensus on the need to tackle the increase in wealth inequality. In its 2013 Global Risks report, the World Economic Forum identified severe income disparity as one of the top two prevalent global risks. 24 The IMF has warned that global inequality could lead to increased social and political instability, with disastrous consequences for the world economy. 25 The fight for a living wage could play an important part in reversing this trend, leading to a fairer distribution of wealth between workers and employers, contributing to poverty reduction among low paid workers and ensuring more of the wealth created within poor countries stays in the local economy instead of being transferred to the pockets of the rich.

Inequality Undermines Democracy

Waldman 16. [Oren M. Levin-Waldman [professor of public policy at Metropolitan College of New York and a Research Scholar at the Binzagr Institute for Sustainable Prosperity].

"How inequality undermines democracy" E-international relations. December 10, 2016. https://www.e-ir.info/2016/12/10/how-inequality-undermines-democracy/#google_vignette]

Democratic theory assumes a society of free, equal, and autonomous individuals. Although democracy may have different meanings for different people, an ideal of democracy is that all individuals are supposed to have equal standing. This means that each individual is equal before the law, has the same vote as other individuals, the same right to express oneself in the political sphere, and perhaps most importantly the same potential to influence what government does, even if they opt not to exercise that potential. All citizens, then, have the same access to governing institutions. Within this theoretical construct, which may also characterize American democracy, money is supposed to be irrelevant to one's standing. Both the rich and the poor are equal before government (Hacker and Pierson 2010). This conception of equality, otherwise known as procedural equality is not usually concerned with how resources, wealth and income are distributed, but with how individuals stand in relation to one another. Individuals can have more than others so long as they are equal in terms of their legal and political standing. Procedural equality is especially critical to democratic society because it serves to secure another essential condition: personal freedom, which is also a necessary condition for individuals to function autonomously. The greater their autonomy, the more likely they are to participate in the democratic process. Individuals are free to pursue their goals and objectives—i.e. self-interests—so long as their pursuit does not interfere with others' ability to pursue their own goals and objectives. In a very basic sense, and certainly within the context of classical political thought, this is what it means to talk about personal independence or autonomy. But as Tocqueville observed there cannot be real political equality without some measure of economic equality as well, because a society with great concentrations of poor people can be dangerous (Zetterbaum 1987). Therefore, economic inequality could pose serious problems in a procedural democracy. Why, then, might inequality be so dangerous to democracy? According to Acemoglu and Robinson (2006), unrest is often a consequence of inequality. And yet, changes are more likely to occur in those societies with greater inequality between elites and citizens. The more equal the society, the less likely are the masses to demand democratization. Democratization requires that society be sufficiently unequal so that the threat of revolution is credible. Therefore, an elite may be willing to begin a transition by extending the right of franchise because it is in its interests to do so. The transition effectively preserves the status quo by staving off the threat of revolution, which in the end may preserve the power base of the elite. Yet, the elite only democratizes to the degree necessary to stave off the threat of revolution, because the former effectively limits the

power of the majority by diluting popular pressure and undermining the power of the majority. Democratization refers to achieving voice through fair procedures. But democratization could mean achieving greater equality through the redistribution of resources aimed at achieving equality of result. Economic equality, then, effectively promotes democracy because it effectively reduces the pressure for redistribution, which could occur as a byproduct of mass revolution and the subsequent creation of an authoritarian regime (Boix 2003). More unequal distribution of wealth increases the redistributive demands of the population and the ultimate level of taxes in a democratic system. But what happens when the political system is unresponsive to a so-called democratic vote on the tax rate? A truly democratic regime would not simply take away from the wealthy elite for the benefit of the masses, but it might set a higher tax rate for purposes of redistribution. In a democracy, everybody votes on the tax rate in accordance with what is known as the median voter theorem. This holds that the more inequality there is the greater will be the distance between the median income and society's average income. The greater the distance, the more calls there are for redistribution, and it is the distance itself that effectively determines the tax rate (Meltzer and Richard 1981). On an individual level, unequal distribution of wealth and income, however, may adversely affect individuals' ability to participate in the democratic process as equals. It may result in procedural inequality to the extent that those lacking in wealth and income may not enjoy the same access to political and policy officials as those who possess wealth and income enjoy. With a greater concentration of wealth at the top, elites are in a better position to use their wealth toward the attainment of their political and other ideological objectives (Bachrach and Botwinick 1992, pp. 4-5). Those at the top of the distribution often enjoy inordinate power and are able to not only limit redistribution, but shape the rules of the game in favor of those with more resources (Stiglitz 2012). Various studies have found legislative bodies to be more responsive to affluent constituents than to non-affluent constituents (Bartels 2008; Gilens 2012; Volscho and Kelly 2012). Inequality, especially in its extreme form of poverty, does in the end deprive us of our capabilities, which is said to be a kind of freedom. To the extent that individuals at the bottom of the income distribution could be said to be poor, poverty deprives individuals of their capabilities. Therefore, there is a strong case to be made for judging individual advantage in terms of the capability that a person has — "the substantive freedoms he or she enjoys to lead the kind of life he or she has reason to value" (Sen 1999, p.87). Such freedoms are the basis of individual autonomy. Those with more resources may be better positioned to pursue their goals and objectives, while those with fewer resources may find that their ability to pursue their goals and objectives are limited. An individual's ability to pursue their goals and objectives is important to democracy for yet another reason. A democracy, especially as its legitimacy and power are derived from popular consent, assumes that individuals have the capacity to reason for themselves, i.e. to deliberate in the public square, and to act on that capacity in a responsible manner. They cannot effectively participate, whether it be in full policy discussions or selecting their own representatives, if they cannot deliberate in a rational manner. As democracy requires that individuals execute their agency, human agency must be protected. But this human agency also presupposes that basic material needs will have been met, which may be less likely given ever widening disparities in wealth and income. Democracy also requires a measure of trust between people, and growing income inequality is said to threaten trust as various groups, mainly those at the bottom, experience political alienation and perceive the system not to be fair. As social capital is

the glue that holds society together (Stiglitz 2012), if individuals believe that the economic and political system is unfair, the glue does not work and society does not function well. This is because institutions effectively promote trust. A trusting population tends to be more cooperative, and governments with trusting populations tend to be less corrupt and function with less conflict and greater responsiveness (Uslaner 2008).

Living wage will benefit the economy by reducing inequality

Konigsburg 17. [Joyce Ann Konigsburg [professor at Duquesne University]. "The Economic and Ethical Implications of Living Wages" Licensee MDPI. April 20, 2017
<https://www.mdpi.com/2077-1444/8/4/74>]

One advantage to local living wage ordinances is their flexibility and customization to a specific community's economic conditions. Businessmen such as Henry Ford and Edward Filene understood that paying reasonable wages was sound business policy; the practice expands a laborer's purchasing power and enables him or her to buy the company's products ([2], p. 5). A rise in aggregate demand stimulates the economy, especially since "low-wage workers are more apt to spend earnings locally, circulating money back into local economies" ([2], p. 6). Thus, "increasing the economic self-sufficiency of workers enhances business productivity and opens new markets, while also reducing poverty, strengthening communities, and shrinking the demand for government assistance to low-income families" ([2], p. 7). These positive multiplier effects help rebuild lives and strengthen local economies. Increasing worker pay above the poverty line to a living wage not only helps families escape the stigma of poverty, it also reduces reliance on government welfare programs. Many workers and their families receive public assistance because their employers do not pay enough to meet the employee's basic needs ([3], p. 5). Rather than encourage businesses to compensate employees appropriately, the government, through taxpayers, subsidizes businesses that pay low wages. The government also loses revenue from income and social security taxes when businesses pay minimal wages, rather than higher living wages in some areas [4]. A living wage must be sufficient to support a person without government subsidies; otherwise, it "could increase cash earnings only at the expense of other forms of income, changing the composition but not the amount of income" [5]. As incomes increase, workers reduce their reliance on government assistance. Living wage earners are able to pay their taxes, contribute to social security, and save for emergencies as well as their own retirement. In doing so, some of the living wages costs affecting business owners and consumers are offset by gains to small businesses and individual taxpayers at federal and local levels. Not only do workers and taxpayers benefit from living wages, business owners profit in a variety of ways. The efficiency wage hypothesis suggests, "the productivity of a firm's employees increases as their wage is increased, at least over an economically relevant part of its [wage] range" ([6], p. 848). With less absenteeism, and lower turnover, the estimated cost savings for companies "could be as high as 20 to 25 percent of their total living wage costs" ([7], p. 19). For instance, the owner of travel agency, Idyll, Ltd., concedes "the trade-off for paying decent wages is lower immediate profits, but adds that his costs would be up in other areas (recruitment and training) if he 'skimped on employee pay'" ([2], p. 17). In Los Angeles for example, security screeners had a high turnover rate of 94.7 percent before the living wage, but their turnover rate dropped to just 18.7 percent when earnings increased from \$6.45 to \$10.00 an hour ([8], pp. 10, 54). Reduced employee attrition lowers recruiting and training costs while cultivating an experienced workforce. Furthermore,

satisfied clients generate repeat business with less marketing and sales effort, which yields higher profit margins and added benefits ([8], pp. 9–10). Because living wage ordinances prevent government contract bidders from undercutting wages or benefits, service quality becomes a key differentiator among competitors ([9], pp. 21–23). To summarize, employee loyalty as well as proficiency results in higher product quality, efficiency, and consistent customer service, all of which are in the self-interest of company managers and owners.

Anti-Capitalism

The ruling class uses an inadequate minimum wage to coerce workers into submitting themselves into the exploitative capitalist system

van der Walt 14 [Lucien van der Walt, "From Living Wage to Working Class Counter-power", 11/28/2014, A Collective Bargaining Omnibus, <https://theanarchistlibrary.org/library/lucien-van-der-walt-from-living-wage-to-working-class-counter-power/>]

ABSTRACT Based on a talk given at a Living Wage Conference in Kenya, this article argues that, while statutory minimum wages and other improvements are welcome gains, they are inadequate in an exploiting system based on the rule of the few. It is necessary to pose the more ambitious demand for a 'living wage' set by the working class. This should be developed and enforced as part of a process of building powerful, autonomous, self-managed, politically conscientised and universalist class-struggle movements opposing all forms of oppression. Rejecting 'privilege' theories, this article argues that all sectors of the broad working class benefit from demands and campaigns that secure equal rights, equal treatment and equal wages, against divide-and-rule systems, and in which strikers build alliances with communities and users. A 'living wage' movement of this type should be located in a larger project of building a popular counter-power that can resist, and then topple, ruling class power.

INTRODUCTION The fight for a 'living wage' is part of the struggle, but is not an end in itself; it should link to broader working-class struggles to build a counter-power that overthrows the existing power structure.[1]

THE WAGE SYSTEM IN CONTEXT The wage system is at the heart of the subjugation of the broad working class, that is, workers, their families and the unemployed. not owning any independent means of existence, for example, land or productive machinery or governing power, and access to real decision-making, the working class is compelled to work for wages, in order to survive. Even those who do not have waged employment are reliant, through family members, on the wages by those who are employed; the unemployed are, above all, unemployed workers. in this sense, the working class are 'wage slaves': unlike slaves bought permanently by masters, the wage slaves must seek out masters and sell themselves, by the hour (Bakunin, [1871] 1993). Since wages are always below the level of workers' output, workers are exploited through the wage system: they are paid less than the value of what they produce, the surplus value accruing to employers (Kropotkin, [1887] 1970: 71). These employers are the state, including the state corporations and army, and private employers, especially corporations, but also include small employers. The big employers constitute a ruling class, owners of the state and of capital, including of state capital and the political and military elite. That is, exploitation is not the sole preserve of private capitalists, but is also undertaken by the upper levels of the state apparatus, the 'bureaucratic aristocracy' (Bakunin, [1873] 1971: 343), including military heads, parliamentarians, and so forth. Exploitation is closely linked to a larger system of domination economically, culturally, socially, politically by the ruling class, that is, those who control the means of administration, coercion and production over the popular classes as a whole. Besides the working class (broadly understood), the popular classes include the peasantry (the small family farmers, exploited through rent, taxes and monopolies) (for more on the peasantry, see Kropotkin, [1887] 1970: 55). It is through two pyramid shaped structures that the ruling class – a small minority – has centralised power and wealth in its hands, these being states (centred on state managers: political and military elites) and corporations (centred on private capitalists), which work together. The struggle for higher wages is, in short, a struggle against the ruling class.

MINIMUM WAGE VERSUS A LIVING WAGE A minimum wage means a legally-enforced wage below which workers cannot be paid. This might apply to specific sectors, for example, farming, or specific jobs, such as teachers. it could also be a national wage level. It is better to have a minimum wage than not, since it provides a 'floor' below which wages cannot fall. Certainly, employers – state and private – prefer not to pay minimum wages; it limits their power. But a minimum wage is not the same as a living wage, and the workers' movement should fight for living wages, instead

of minimum wages. This distinction has not always been clearly drawn by labour movements (see Cottle, 2014:5), with the 1985 Founding Resolutions of the Congress of South African Trade Unions (COSATU), for example, speaking confusingly about a 'living minimum wage' (COSATU, 1985: 26). A living wage is a wage upon which working-class people can live with dignity and justice. A living wage is a wage that meets working-class needs – not just subsistence needs (costs of living) but also larger social and cultural needs, enabling a dignified existence. (These larger needs are not captured in most efforts to provide formulae for calculating a living wage: for an overview of possible calculations, see Cottle, 2014: 2–4). It should also be set at levels that remove, as far as possible, divisions within the working-class, that is, also helps achieve the political need for working class unity against all forms of oppression. Naturally this all opens the door to escalating demands, but wage levels are profoundly political and their determination is an important area of engagement and mobilisation. Since these living wage goals bring the working class into direct conflict with the existing social order, the living wage struggle needs to be part of a fight for much more radical changes. Minimum wages, where they exist, are normally set at the lowest levels of barebones subsistence (food, shelter, clothing and so on) agreeable to employers. in almost all cases, minimum wages are set below the level unions and workers demand (see for example, COSATU, ca. 1990). given inflation and rising costs, statutory minimum wages fall in real value, allowing employers to effectively cut wages to below basic subsistence. While workers are constantly told to compare their wages to workers in other countries and sectors, there are no maximum wage settings to limit employer incomes.

TOP-DOWN WAGE SETTING A large part of the problem with the minimum wage is how it gets set – at the level of affordability to employers (including the state), plus calculation of the most minimal 'basket' of subsistence costs. Normally the calculation is done in a way that, firstly, underestimates workers' financial needs, and secondly, limits that calculation to the most basic items of subsistence, that is, the lowest possible cost of living. There is no single way to calculate minimum wages, but the calculations are controlled by states and other employers, who devote extensive full-time resources through, amongst other measures, accountants, lobbyists and negotiators while unions lack this capacity and control. This is the background against which minimum wages set by governments generally fall below required levels for basic subsistence.

LIVING WAGES, FROM BELOW A living wage, as outlined here, is something much more radical. Firstly, it involves a much more generous estimate of basic subsistence needs – not just living from hand-to-mouth, steps away from starvation. Secondly, it recognises that workers' needs are not simply food and shelter. People also have needs that are social (for example, the ability to participate in society, with dignity, without exclusion, without barriers), and cultural (for example, spending time with family, time for enjoyment, time for education and self-improvement). Minimum wages are currently set narrowly, and primarily in the interests of the employers, that is, they prioritise the needs of the ruling class, which benefits from the exploiting wage system. Biased, top-down calculations by and for the ruling class should be replaced with a wage policy from below: it should instead be the working class that defines the level of the required wages. Rather than rely on state and employer calculations of 'basic' needs, the working class should – through forums, campaigns and movements – set the living wage level that it needs. The early COSATU proposed something along these lines, but has since retreated from this position: the federation would 'establish as soon as possible what workers regard as a minimum living wage', and then 'initiate and conduct – in alliance with other progressive organisations and trade unions in the country – an ongoing national campaign for a legally enforced national minimum living wage for all workers', including through industrial action (COSATU, 1985: 26–27). The working class should then campaign vigorously for the adoption of this wage level, and impose this in the teeth of ruling class opposition. The situation where wage calculations are restricted to small groups of "experts" both within unions, but, above all, in the state and the corporations must end. In general, all issues bearing on state and employer policy, including economic and social policy should be approached in this manner, of 'policy-from-below',

rather than through corporatism, lobbying and outsourcing to experts (for a fuller discussion of this approach, see van der Walt, 2006: 56–57).

Everyday wages drop in value; the workers lose more power to the dominant and ruling class

Reeves 19 [Richard Reeves – (Senior Fellow at Brookings Institution), “Capitalism is failing. People want a job with a decent wage – why is that so hard?”, Brookings, 4-29-2019, accessed — 7-2-2024, <https://www.brookings.edu/articles/capitalism-is-failing-people-want-a-job-with-a-decent-wage-why-is-that-so-hard/>,]

But the Great Recession also shone a light on trends long predating the downturn, not least in terms of stagnant wage growth for so many workers. By comparison with the postwar years, economic growth has been slow for the last few decades. At the same time, the transmission mechanism linking economic growth to the wages of workers appears to have broken. The share of income going to workers has dropped sharply, from 65% in 1974 to 57% in 2017. In the last few years, as the zombie gradually wakes up, household incomes and wages have begun to nudge upwards – but families are still having to work more hours to get the income they need. Women are working more, and earning more (though the pay gap remains). But as men work less, and earn less, many families are simply standing still in economic terms. Since 1979, the median male wage in the US has dropped by 1.4% for white men – and by 9% and 8% for black and Hispanic men, respectively. Workers at the top of the earnings and education distribution have seen their paychecks continue to fatten: not so on the middle and bottom rungs of the labor market. Wage growth remains torpid in the middle of the distribution. At the same time, the volatility of incomes at the bottom of the distribution has grown, in part because of shifts towards the so-called “gig economy”, intrinsically episodic, and in part because of the rise of unpredictable schedules. Most American workers are still paid by the hour, and half of them have no formal control over their schedules. Two in five hourly-paid workers aged between 26 and 32 know their schedules less than a week in advance. Hard to arrange childcare on that notice. Many American workers are fighting, like the trade unions of old, on two fronts: for money, and for time. Why? Why, for so many for middle-class and working-class Americans has “economic growth become a spectator sport”, as the liberal economist Jared Bernstein memorably put it. There are two competing explanations for what happened to tear the connective tissue between growth and wages: the Productivity Story and the Power Story. The productivity story goes as follows: wages reflect the productivity of the worker; the modern economy rewards skills more than in the past; and lots of people have not upskilled quickly enough. Under the wonky label “skills-biased technological change”, this view prevailed across most of the political spectrum well into this century. Free markets could deliver fair-enough outcomes, so long as everyone got the education and training they needed. “Lifelong learning” became the mantra of all, and the clichéd answer from politicians and scholars to the deepening problem of inequality. There are two problems with this story. First, the necessary investments in education and training were never actually made. Community colleges, the most common post-secondary destination for students from families in the bottom 80% of the income distribution, are underfunded, overstretched and largely ignored by the policy elite. Lifelong learning never made it from the thinktank policy briefs and Davos panels to the real lives of real people. The second problem is that productivity turns out to be only part of the story – and perhaps not even the most important part. It is certainly wrong to claim that there is no relationship at all between productivity growth and wage growth. But the connection has certainly become less clear over time, and harder to square with the trends in wage inequality. Even the strongest and most thoughtful proponents of the Productivity Story, such as Michael Strain, director of economic policy studies at the American Enterprise Institute, concede that it is but one element. As Strain writes, “it is most useful to think of wages as being determined by a combination of competitive market forces, bargaining power, and institutions”. The Power Story is that wages do not reflect the productivity of the worker, but their power. Lower wages are a reflection of growing powerlessness, the result of four

intersecting trends. First, unions have become almost mythical creatures, unicorns of the labor market. Just one in 20 workers in the US private sector are members of a trade union, down from more than one in four in the 1950s. Sometime around 1980, US businesses declared war on unions, and won. Second, the wage gap between similarly qualified workers in different companies has widened. One widely cited study finds that one-third of the increase in the earnings gap from 1978 to 2013 occurred within firms, while two-thirds of the rise occurred between firms. It is the market power of one firm versus another that determines wages, rather than the power of a particular employer versus its workers. Even if workers can get organized, they cannot force a completely different employer to share more of their surplus with them. (Now that would be socialism.) Third, market power has become increasingly concentrated into fewer, larger companies, especially in terms of power in the labor market. The dangers of monopoly power in market economies are well known, and the push for strong anti-trust laws has historically united the pro-market right and the progressive left. In recent years the threat of monopsony power (ie a dominant single buyer), not least in employment, has risen. Amazon is the poster child of monopsony power. But in many towns, a single hospital might be the biggest employer, and the sole employer of nurses, for example. Hard in these circumstances for workers to negotiate better pay and conditions. Fourth, the labor market is not as tight as it looks. There is a still a large “reserve army” of workers, serving to hold wages down. This may not be what the headline unemployment rate – now down to 4% – is telling us. But the headline rate tells us less than in the past, because millions of workers have dropped out altogether, and so are not counted in the unemployment statistics. The chances of a “prime age” man being in paid work has dropped by eight percentage points in the postwar decades. For most of this period, women’s employment rates were increasing – but, in the US at least, that rise stopped abruptly around the turn of the century, and has actually edged down slightly. Black, Hispanic and less-educated adults have all seen the sharpest drops in participation.

The living wage traverses the exploitative system and wins the battle for the worker turning capitalism onto its head

ISO 13 [International Socialist Organization, social activism and justice organization based in Australia and New Zealand, <http://iso.org.nz/2013/05/08/campaigning-for-a-living-wage>]

A living wage, conceptualised as the right for every worker, is a demand that turns capitalist logic on its head. Implicit in that demand is the understanding that workers should not have to beg for scraps from the tables of their bosses. That all the profit and wealth that employers claim for themselves is in fact, entirely dependent on the skills, inputs and labour of their workers; and that with this being the case, workers should rightfully take the things they need from the wealth they produce in order to lead happy and meaningful lives.¶ A demand for a living wage is a positive reform that socialists should support. It is a demand that, in its implicit logic, pits the interests of the capitalist class against the interests of the workers that it exploits for wealth. It could be a demand to organise around; if it raised the consciousness, self-confidence and self-activity of working people, it could lead to great union membership, strength and power.¶ The demand – the what – aspect of a living wage is uncontroversial. Workers are paid far too little in New Zealand, and the poorest paid nothing like a living wage. But questions of strategy and tactics – how we win improvements – raise bigger, unanswered problems.

A living wage is the missing reactant to begin radical change – it builds counter power by making change materially possible and creating hope

van der Walt 14 [Lucien van der Walt, "From Living Wage to Working Class Counter-power", 11/28/2014, A Collective Bargaining Omnibus, <https://theanarchistlibrary.org/library/lucien-van-der-walt-from-living-wage-to-working-class-counter-power>]

ABSTRACT Based on a talk given at a Living Wage Conference in Kenya, this article argues that, while statutory minimum wages and other improvements are welcome gains, they are inadequate in an

exploiting system based on the rule of the few. It is necessary to pose the more ambitious demand for a 'living wage' set by the working class. This should be developed and enforced as part of a process of building powerful, autonomous, self-managed, politically conscientised and universalist class-struggle movements opposing all forms of oppression. Rejecting 'privilege' theories, this article argues that all sectors of the broad working class benefit from demands and campaigns that secure equal rights, equal treatment and equal wages, against divide-and-rule systems, and in which strikers build alliances with communities and users. A 'living wage' movement of this type should be located in a larger project of building a popular counter-power that can resist, and then topple, ruling class power.

INTRODUCTION The fight for a 'living wage' is part of the struggle, but is not an end in itself; it should link to broader working-class struggles to build a counter-power that overthrows the existing power structure.[1]

THE WAGE SYSTEM IN CONTEXT The wage system is at the heart of the subjugation of the broad working class, that is, workers, their families and the unemployed. not owning any independent means of existence, for example, land or productive machinery or governing power, and access to real decision-making, the working class is compelled to work for wages, in order to survive. Even those who do not have waged employment are reliant, through family members, on the wages by those who are employed; the unemployed are, above all, unemployed workers. in this sense, the working class are 'wage slaves': unlike slaves bought permanently by masters, the wage slaves must seek out masters and sell themselves, by the hour (Bakunin, [1871] 1993). Since wages are always below the level of workers' output, workers are exploited through the wage system: they are paid less than the value of what they produce, the surplus value accruing to employers (Kropotkin, [1887] 1970: 71). These employers are the state, including the state corporations and army, and private employers, especially corporations, but also include small employers. The big employers constitute a ruling class, owners of the state and of capital, including of state capital and the political and military elite. That is, exploitation is not the sole preserve of private capitalists, but is also undertaken by the upper levels of the state apparatus, the 'bureaucratic aristocracy' (Bakunin, [1873] 1971: 343), including military heads, parliamentarians, and so forth. Exploitation is closely linked to a larger system of domination economically, culturally, socially, politically by the ruling class, that is, those who control the means of administration, coercion and production over the popular classes as a whole. Besides the working class (broadly understood), the popular classes include the peasantry (the small family farmers, exploited through rent, taxes and monopolies) (for more on the peasantry, see Kropotkin, [1887] 1970: 55). It is through two pyramid shaped structures that the ruling class – a small minority – has centralised power and wealth in its hands, these being states (centred on state managers: political and military elites) and corporations (centred on private capitalists), which work together. The struggle for higher wages is, in short, a struggle against the ruling class.

MINIMUM WAGE VERSUS A LIVING WAGE A minimum wage means a legally-enforced wage below which workers cannot be paid. This might apply to specific sectors, for example, farming, or specific jobs, such as teachers. it could also be a national wage level. It is better to have a minimum wage than not, since it provides a 'floor' below which wages cannot fall. Certainly, employers – state and private – prefer not to pay minimum wages; it limits their power. But a minimum wage is not the same as a living wage, and the workers' movement should fight for living wages, instead of minimum wages. This distinction has not always been clearly drawn by labour movements (see Cottle, 2014:5), with the 1985 Founding Resolutions of the Congress of South African Trade Unions (COSATU), for example, speaking confusingly about a 'living minimum wage' (COSATU, 1985: 26). A living wage is a wage upon which working-class people can live with dignity and justice. A living wage is a wage that meets working-class needs – not just subsistence needs (costs of living) but also larger social and cultural needs, enabling a dignified existence. (These larger needs are not captured in most efforts to provide formulae for calculating a living wage: for an overview of possible calculations, see Cottle, 2014: 2–4). It should also be set at levels that remove, as far as possible, divisions within the working-class, that is, also helps achieve the political need for working class unity against all forms of oppression. Naturally this

all opens the door to escalating demands, but wage levels are profoundly political and their determination is an important area of engagement and mobilisation. Since these living wage goals bring the working class into direct conflict with the existing social order, the living wage struggle needs to be part of a fight for much more radical changes. Minimum wages, where they exist, are normally set at the lowest levels of barebones subsistence (food, shelter, clothing and so on) agreeable to employers. in almost all cases, minimum wages are set below the level unions and workers demand (see for example, COSATU, ca. 1990). given inflation and rising costs, statutory minimum wages fall in real value, allowing employers to effectively cut wages to below basic subsistence. While workers are constantly told to compare their wages to workers in other countries and sectors, there are no maximum wage settings to limit employer incomes.

TOP-DOWN WAGE SETTING A large part of the problem with the minimum wage is how it gets set – at the level of affordability to employers (including the state), plus calculation of the most minimal ‘basket’ of subsistence costs. Normally the calculation is done in a way that, firstly, underestimates workers’ financial needs, and secondly, limits that calculation to the most basic items of subsistence, that is, the lowest possible cost of living. There is no single way to calculate minimum wages, but the calculations are control ed by states and other employers, who devote extensive full-time resources through, amongst other measures, accountants, lobbyists and negotiators while unions lack this capacity and control. This is the background against which minimum wages set by governments generally fall below required levels for basic subsistence.

LIVING WAGES, FROM BELOW A living wage, as outlined here, is something much more radical. Firstly, it involves a much more generous estimate of basic subsistence needs – not just living from hand-to-mouth, steps away from starvation. Secondly, it recognises that workers’ needs are not simply food and shelter. People also have needs that are social (for example, the ability to participate in society, with dignity, without exclusion, without barriers), and cultural (for example, spending time with family, time for enjoyment, time for education and self-improvement). Minimum wages are currently set narrowly, and primarily in the interests of the employers, that is, they prioritise the needs of the ruling class, which benefits from the exploiting wage system. Biased, top-down calculations by and for the ruling class should be replaced with a wage policy from below: it should instead be the working class that defines the level of the required wages. Rather than rely on state and employer calculations of ‘basic’ needs, the working class should – through forums, campaigns and movements – set the living wage level that it needs. The early COSATU proposed something along these lines, but has since retreated from this position: the federation would ‘establish as soon as possible what workers regard as a minimum living wage’, and then ‘initiate and conduct – in alliance with other progressive organisations and trade unions in the country – an ongoing national campaign for a legally enforced national minimum living wage for all workers’, including through industrial action (COSATU, 1985: 26–27). The working class should then campaign vigorously for the adoption of this wage level, and impose this in the teeth of ruling class opposition. The situation where wage calculations are restricted to small groups of “experts” both within unions, but, above all, in the state and the corporations must end. In general, all issues bearing on state and employer policy, including economic and social policy should be approached in this manner, of ‘policy-from-below’, rather than through corporatism, lobbying and outsourcing to experts (for a fuller discussion of this approach, see van der Walt, 2006: 56–57).

JUSTICE, UNITY, EQUALITY Thirdly, the setting of a living wage level also requires consideration of larger issues of equality and justice. Society is not just based around the division between classes, but is also divided within classes, along lines like race, nationality and gender. These divisions mean, for example, that immigrant workers earn lower wages, in general, than national workers, are concentrated in worse jobs, and face problems that national workers do not face, for example, popular prejudice and police terror against immigrants as immigrants. The same can be said about the situation of working-class women, minorities, rural workers and other categories of vulnerable workers. ‘PRIVILEGE’ OR OPPRESSION? This situation of disparities is sometimes misinterpreted as a system of ‘privilege’ because one group in the working class (for example, national

workers) is 'privileged' by being treated somewhat better than another (for example, immigrants). For example, a recent presentation in COSATU came close to speaking of Coloured 'privilege' as a basic obstacle to working class unity in the Western Cape, South Africa (Ehrenreich, 2014). The problem with the 'privilege' theory, however, is that the inequality between the two harms the interests of the whole working class; it primarily benefits the ruling class, in that it divides the working class, weakens unions, confuses people about where their problems arise, increasing the rates of exploitation. Likewise, ordinary Coloured workers lose out from racial divisions within the working class: it would be difficult to defend the claim that the Coloured working class materially or otherwise benefits from the working class divisions stirred up by a racist past and by contemporary political parties of all hues. Two groups of workers, for instance, immigrant and local workers get pitted against one other, seeing the other as the enemy. But there is nothing to gain for national workers if immigrants are terrorised by police as immigrants; it is not a 'privilege' to be terrorised at a lower rate.[2] It is not a 'privilege' for national workers to get slightly higher wages than immigrants, or to be exploited slightly less: on the contrary, this situation forces national workers – themselves already severely exploited and oppressed – into competing for jobs with immigrants by accepting lower wages and more exploitation. This then opens the doors for 'xenophobia', which leaves the ruling class safe, as the working class devours itself. Therefore, a living wage definition must also ensure equality and justice. The living wage must aim at equal wages, redress for past wrongs, and just and unifying wage levels, as part of fighting against the specific forms of oppression faced along the lines of gender, race and nationality, the fight for equal rights and treatment — a class movement against all oppression, not an individualist politics of 'check your privilege' (for an important early critique of 'privilege' approaches, see Lynd, 1969: 26–30; also see d'Arcy, 2014). This universalist approach helps bridge the divisions in the working class – thus, the demand for the living wage can help meet the political need to unite the working class, by overcoming myriad forms of division and oppression, with a common struggle and a fight for common and shared conditions and rights. GLOBALISING FROM BELOW Effectively winning the same wage levels for all workers in a given sector will remove the downward pressure of the extra-low wages of a sector of workers, unify workers around a common set of demands, elaborated together, and directly challenge the specific problems faced by the most oppressed sections. The struggle itself helps to forge unity and overcome sectionalism. This same principle needs to be expanded across industries, as a way of removing the same disparities within the economy; across the gap between full-time and casual workers, and the employed and unemployed, as a way of bringing workers into a single labour market with decent conditions; and globalised, as a way of removing the same disparities between countries (see Gallin, 1996: 2–4; also van der Walt, 2001: 18–20). The demand for a living wage should aim for a universal, and ultimately, international, living wage as part of a project of working class unity. And since the demand for a living wage requires campaigns and actions, this also requires building international solidarity, against divisive politics and ideas. ALLIANCES BEYOND THE WORKPLACE Wage levels are, in the final analysis, shaped by the balance of power not the cost of living, the cost of producing the commodity labour power, or labour market conditions (Bekken, 2009: 29). Winning a living wage therefore requires widespread mobilisation and education by the working class, from below. Without powerful workers' organisation – above all, effective and democratic unions – wage levels cannot improve. Better wages will not arise from appeals to the conscience of employers, or through the law. They rest, ultimately, on punitive actions based on popular organisation, including strikes. This also requires organising beyond the workplace. Alliances need to be built with other parts of the working class, including those affected by strikes and other actions. To do this, it is essential to link workplace struggles to neighbourhood issues, to strengthen campaigns, otherwise the division between workplace and community will undermine the struggle. This means raising issues from communities and making them part of strike or campaign demands. If the electricity workers, for example, strike over wages, this will affect communities. It is necessary to explain what the strike is about, and why communities should

support workplace struggles, but it is also necessary that workplace struggles support neighbourhood demands, for example, electricity strikes should include neighbourhood demands, such as the demand for higher wattage connections in working-class neighbourhoods, at lower prices. This also means giving thought to selective strike actions, for example, blacking out elite suburbs, not working-class townships. It also means that higher wages should not be paid for by higher electricity charges, where employers 'rob Peter to pay Paul'. Actions that destroy facilities, disrupt examinations and services to the working class, lead to industry closures and so these should be avoided. Strikers have an ethical obligation to the larger working class – but none at all to the ruling class (Ford & Foster, [1912] 1990: 9, 16–17), which they are forced, by their situation, to confront, resist and challenge. Rather, the aim should be to unite the whole working class, and win better conditions for the whole working class and should thus avoid actions which create or entrench divisions.

A LIVING WAGE IS NOT ENOUGH Finally, it is also essential to remember that wage struggles are inadequate on their own. They are a goal, but not the end goal. They are essential as they improve the living conditions of people. They develop confidence in the ordinary people's ability to change the world in which they live. If workers are afraid to fight for the most basic things such as enough money to live on, they will never be able to fight for anything more, including changing society into something better. But better wages are still not enough. The wage system itself rests on a deep system of social and economic inequality, between the popular and ruling classes, and divisions and oppression by factors like race, gender and nationality. The best wages cannot remove the basic system of class rule and its attendant inequalities.

BUILDING "COUNTER-POWER" Thus, struggles, including at work should never be reduced to merely wage struggles. They should escalate to include demands for greater control by the working class over the workplace and over working-class neighbourhoods, as well as greater popular class unity. This means building counter-power; the organised power of the broad working class that is participatory, pluralistic, democratic, and outside and against the state, creating workplace and community/ neighbourhood structures that provide the basis for resistance in the present and lay the organisational basis for a new society. These are structures that can become the governing power in society, replacing the top-down systems of the state and capital with an egalitarian society of working-class self-management. These include democratic unions and neighbourhood movements – this is not a project of building a political party. An important historical example is provided by the Spanish anarchist/ syndicalist movement, centred on the massive labour federation, the national Confederation of Labour (CnT, Confederación Nacional del Trabajo), and its allied media youth, neighbourhood, rural and political alliances and projects – and its social revolution of 1936–1939 (see, for example, Ealham, 2005; for a consideration of the relevance of anarcho — and revolutionary syndicalism to contemporary labour: van der Walt, 2014).

SELF-ACTIVITY AND AUTONOMY This project rests on self-activity and autonomy. It means, for example, rather than cooperating with employers to improve productivity through productivity deals, a programme of developing a workers' veto on retrenchments, that is, implementing a refusal to be retrenched. Building counter-power does not mean cooperation with the state, or the corporations, or running in elections. It is, instead, about relentless struggle against the state and capital, as well as against divisions within the working class, and against all forms of oppression and exploitation, while expanding the role of counter-power in daily life. Building counter-power means locating all struggles in a larger project to fundamentally change society, by removing the systems of economic and social inequality, and a system of political power, including the state that play a key role in entrenching these systems. This requires building widespread counter-power that unifies all the sectors of the popular classes, unifies on the basis of justice, equity and struggle, and shifts power from the ruling class to the popular classes, and from the state and the corporations, to the counter-power of the people.

RIGHTS RELY ON POWER It is an illusion to think that the state can be used to entrench justice, including living wages. All states, without exception, no matter how red their flags, or socialist their slogans, are controlled by minority ruling classes; constitutions are pieces of paper, ignored unless working-class people enforce them through struggles, not litigation.

Even then, the balance of power shapes how laws are interpreted and applied, if at all; so it is only through strength – struggle, autonomy, self-managed counter-power – that anything can be won. It is not through political parties and elections that the state and capital make concessions. ‘Working class political parties’, enmeshed in the hostile state, have normally proved ‘distinct failures’: the most important reforms have arisen, instead, as a ‘registration’ or reflection of the ‘direct action’ and ‘real power’ wielded by working classes fighting through their ‘own efforts’ and mass structures (Ford & Foster, [1912] 1990: 3–4, 20). Unless the working class and the popular classes build the power to enforce their demands, including wage demands, upon the ruling class, they will never win those demands. The balance of power shapes income distribution, how and where decisions are made, who is rich and who is poor, and who lives, and who dies. But all victories, even the greatest ones under the existing system, that is, capitalism and the state – are partial. Better wages are continually eroded by issues like rising prices and rising unemployment. Furthermore, a better paid wage slave is still a wage slave. The deep system and structure of dispossession and minority class rule that forces people into wage labour, has to be uprooted. The highest wage does not remove exploitation; the system cannot operate unless workers are paid less than the value of their production. Exploitation does not have to mean a low wage: it means only that workers are paid less than the value of their production. The deep class system is also based on a basic disparity of power and wealth, across society, in everything from the running and financing of schools (always worst for the working class) to the structure of the economy (which is why it is possible to have a country with mines producing gold, which has no real use, yet a massive shortage of houses). Fundamental change means displacing the ruling class from power, through counter-power, implementing a new society, based on participatory and democratic planning of the economy and society. This requires a continual project of struggle, autonomous of the ruling class, including the state, including the parliament and state elections and it requires conscientising the mass of the people on the need for a larger struggle for self-management, the removal of hierarchy, and social and economic equality, that is, a project of revolutionary counter-culture, running alongside and strengthening working-class counter-power.

FROM WAGE STRUGGLES TO SOCIAL TRANSFORMATION

Building counter-power and counter-culture is only possible by engaging with struggles for immediate reforms, including wage struggles. Through such struggles and not through abstract plans, the mass of people get mobilised; their victories increase their confidence; their defeats teach valuable lessons, including the importance of solidarity and unity, and the common interests of the broad working class. A working class that will not fight to put bread on the table will never manage to fight to completely change society. The argument that fights for minimum or living wages are too moderate, that struggle must ignore this as a distraction, and proceed straight to ‘revolution’ (or failing that, to riots and so on), is wrong. Wage battles, like all immediate struggles, are limited, but they are a step on the road to deep changes. A real change in society will not arise from a simple collection of partial struggles and victories, however ‘militant’ but preparing for a decisive confrontation – where the accumulation of massive counter-power, infused with counter-culture can permanently displace the existing power structure.

THERE ARE NO SHORT CUTS There is no short cuts, since this project requires widespread mobilisation and conscientisation; smaller struggles, sometimes emotive, sometimes ‘militant,’ are valuable, but never enough; there needs to be a quantitative (in terms of numbers and structures) and qualitative (in terms of growing mass confidence, organisation, consciousness and power) change. This requires careful work, not a leap of faith; the small struggles are the foundation of the great struggle, not a rival, not a substitute, but only a step in the right direction.

Empowering workers through the state is key to fighting capitalism

Lawrence & Wishart [Lawrence & Wishart, "Political Economy: Part III : THE SOCIALIST MODE OF PRODUCTION B. THE SOCIALIST ECONOMIC SYSTEM CHAPTER XL : THE GRADUAL TRANSITION FROM SOCIALISM TO COMMUNISM", <https://www.marxists.org/subject/economy/authors/pe/pe-ch40.htm>]

The Means of Abolishing the Essential Distinction between Mental and Physical Labour For the advance to communism it is essential to attain such a cultural growth of society as will provide for the full and all-round development of man's physical and spiritual abilities. After the abolition of the antithesis between physical and mental labour, the problem has arisen of abolishing, in the course of communist construction, the essential distinction between them which obtains in the phase of socialism. This essential distinction is that the majority of workers are still on a lower cultural and technical level than engineers and technicians; the majority of collective farmers are on a lower level than agronomists. Meanwhile technical improvements in industry and agriculture -- electrification, complex mechanisation, application of chemicals, etc.-- increasingly demand of the worker a high level, both of general education and also in the specialised fields of engineering, technology, or agronomy. The level of productivity of social labour cannot be attained essential for the transition to communism without this. Hence follows the objective necessity for a rapid cultural growth of society and for the abolition of the essential distinction between physical and mental labour. The essential distinction between physical and mental labour is being abolished by raising the cultural and technical level of workers to that of engineers and technicians, and of collective farmers to that of agronomists. Socialist emulation, in which the overwhelming majority of the working class and the collective farm peasantry participate, plays a tremendous part in abolishing this distinction. Increasingly large numbers of workers are completely mastering modern techniques and technological methods, while the number of rationalisers and inventors is increasing. Broad strata of the workers are gradually rising to the level of engineers and technicians. As early as 1935, in characterising the Stakhanovite movement as a new stage of socialist emulation, Stalin pointed out that it contained the seed of the future cultural and technical advance of the working class and opened up the path "by which alone can be achieved those high indices of productivity of labour which are essential for the transition from socialism to communism". (Stalin, "Speech at First All-Union Conference of Stakhanovites", in Problems of Leninism, 1953, English edition, p. 667.) When the workers will have raised their cultural and technical level to that of engineers and technicians, and collective farmers their level to that of agronomists, a new and hitherto unprecedented rise in labour productivity will be achieved. This will provide an abundance of all forms of material wealth. As the productivity of social labour grows, the economic conditions for the gradual reduction of the working day will be created. This in turn will enable the members of society to devote far more time and energy to acquiring knowledge and culture, and to the harmonious development of all their physical powers and mental abilities. Universal compulsory polytechnical education is one of the conditions for eliminating the essential distinction between mental and physical labour. Lenin pointed out that polytechnical education must acquaint schoolchildren with the theory and practice of the main branches of production. Widening the horizon of the workers, equipping them with a knowledge of the principles on which modern large-scale production rests, poly technical education will enable them freely to choose their occupations. The further cultural development of all members of society will be achieved through universal compulsory poly technical education, secondary technical and higher education, correspondence courses, and the creation at the place of work of a broad network of various courses and personnel training-schemes for the main occupations. The development of the knowledge and culture of the workers and peasants to the level of engineers, technicians, and agronomists will denote the abolition of the distinctions between the workers and the peasants, on the one hand, and the intelligentsia on the other. Socialist society has achieved great successes in raising the well being of the people. But in order to secure the all-round cultural growth of the working people, necessary for the transition to communism, there must be a fundamental improvement in housing conditions, and the real wages of manual and clerical workers and real incomes of collective farmers must be considerably raised. This can only be achieved by a further rapid growth of production and increased labour productivity. The all-round development of the productive forces and of culture will finally dispose of unskilled and arduous manual labour. The old division of labour, associated with the life-long

attachment of workers to one particular occupation, will disappear. The elimination of the old division of labour does not in any way mean, however, that communism denies the need for division of labour. The building of communism demands the training of qualified and versatile specialists in all fields of production, science, and technique. All members of communist society will possess the engineering and technical training necessary for operating the highest techniques and complex productive processes. Besides producing material wealth they will be able to engage in the arts and sciences too. The abolition of the essential distinction between mental and physical labour does not mean that every distinction between these two forms of work will disappear. A certain distinction, although of an inessential kind, connected with the specific differences between the fields of production, science and culture will none the less remain. The communist upbringing of the working people is of enormous importance for the transition to communism. Its fundamental task is the education of a new man, for whom work will become a prime necessity of life. In depicting labour in communist society, Lenin wrote: "Communist labour in the narrower and stricter sense of the term is labour performed gratis for the benefit of society, labour performed, not as a definite duty, not for the purpose of obtaining a right to certain products, not according to previously established and legally fixed rates, but voluntary labour, irrespective of rates, labour performed without expectation of reward, without the condition of reward, labour performed out of a habit of working for the common good, and out of a conscious realisation (become a habit) of the necessity of working for the common good-labour as the requirement of a healthy organism. (Lenin, From the Destruction of the Ancient Social System to the Creation of the New", in Selected Works, 1950, English edition, Vol. II, Pt. 2, p. 339.) Communism presupposes a high level of public spirit among the members of society. The seeds of the new communist relations already exist in socialist society in the attitude towards labour and public property, and in relations between man and man. In time, the observance of communist principles will become the natural and customary behaviour of a highly educated and cultured people. But it must not be forgotten that in socialist society the survivals of capitalism in the consciousness of man are as yet far from outlived that these survivals exist because man's consciousness lags behind his being and because the reactionary forces of the bourgeois world in every way maintain and revive them. Hence follows the need to overcome the survivals of capitalism in the consciousness of man and for an enormous development in the cultural level and communist public spirit of the mass of the people. Of the greatest importance throughout the period of transition from socialism to communism is the struggle against remnants of the old attitude to labour and social property; against bureaucracy and survivals of the past in modes of life and in morals and against religious prejudices. Persistent and tenacious political and educational work among the masses the communist upbringing of the entire people, are essential to overcome these survivals. The transition to the Communist Principle "From Each According to his Ability, to Each According to his Needs" The conditions for giving effect to the Communist principle: "From each according to his ability, to each according to his needs" are brought into being gradually, as production increases and on this basis an abundance of articles of consumption is attained, as a uniform Communist form of property is established and a level of culture and public spirit among the members of society appropriate to communism is achieved. This principle means that in communist society each will work according to his abilities and will receive articles of consumption in keeping with the needs of a culturally developed individual. The Socialist State creates the prerequisites for the higher phase, of communism by fully utilising the economic laws of socialism. In accordance with the requirements of the basic economic law of socialism, socialist production is developed and the living standards of the people rise, at steady and rapid rates. The use made of the law of planned development of the national economy constantly increases, and the methods of socialist planning are perfected. The national economic plans, drawn up for a prolonged period, prescribe the actual methods of creating the material production basis of communism, the ensuring of a productivity of labour higher than exists under capitalism. In the transitional period from socialism to communism such economic instruments of planned guidance of the

national economy as money, credit, trade, and economic accounting, which are bound up with the existence of the law of value, must be fully utilised in order to ensure a marked increase in social wealth. A steady rise in the material and cultural level of the working people is being achieved by the consistent application of the economic law of distribution according to work. The growth of labour productivity is accompanied by price reductions for manufactured and agricultural commodities. The real wages of manual and clerical workers, and the incomes of collective farmers, are being systematically raised. The working people are able to obtain increasing quantities of foodstuffs, clothing, household goods, etc. The successful fulfilment of the programme of big advances in agriculture and increases in the production of mass consumption goods, which is being carried out by the Communist Party and the Soviet State, is of very great importance in providing the prerequisites for the transition to communism. In the U.S.S.R. the task has been posed of providing satisfaction of man's scientifically ascertained food requirements. "We must set before ourselves the task", said N. S. Khrushchev "of achieving a level of food consumption, based on scientifically tested standards of nutrition, necessary for the all-round and balanced development of a healthy person." (Khrushchev, "Measures for the Further Development of Agriculture in the U.S.S.R.", Report to the Plenum of the C.C. of the C.P.S.U., 3 September, 1953.) A decisive increase in the production of material wealth means that the wage level of manual and clerical workers, and the level of incomes of collective farmers, provide for an ever fuller satisfaction of the growing material and cultural requirements of the working people. With the growth of abundance of products there will come into being the prerequisites for the transition from distribution according to work to distribution according to needs. Throughout the period of gradual transition from socialism to communism great importance will attach to the development of trade, through which a growing mass of consumer goods will be distributed. Improvement of Soviet trade will build up that extensive machinery which will be used, at the higher phase of communism for the direct distribution of products according to needs, without commodity or money circulation. Communism will ensure the all-round satisfaction of the varied personal requirements of the members of society, both by multiplying the quantity of articles of consumption and household use which become the personal property of individuals, and also by developing the social forms in which the needs of the population are met (cultural institutions and amenities, housing, sanatoria, theatres, etc.). The Soviet Union is the first country in the world to have built socialism, and to be today successfully raising up the edifice of communism. The countries of People's Democracy, using the experience of the Soviet Union, are carrying out the building of socialism, the first phase of communist society. Inevitably, the development of mankind will move along the road to communism. In tracing out the prospects of communist construction, Lenin wrote: "If Russia becomes covered by a dense network of electric power-stations and powerful technical installations our communist economic development will become a model for a future socialist Europe and Asia." (Lenin "The Work of the Council of People's Commissars. Report delivered at the 8th All-Russian Congress of Soviets", Selected Works, 12-vol. edition, vol. VIII, p. 278.) The great example of the Soviet Union, advancing to the higher phase of communism, and of the countries of People's Democracy, building socialism, shows the peoples of the entire world the road to liberation from capitalist slavery. Each new step taken by Soviet society towards communism confirms, more clearly the superiority of socialism over capitalism and implants in the working people of all countries confidence in the historical doom of capitalism and triumph of communism. BRIEF CONCLUSIONS (1) Socialism and communism are two phases of development of the communist social formation. Communism is the higher phase. It is characterised by a higher level of productive forces in comparison with socialism, uniform public communist property in the means of production, the absence of classes and class distinctions, the absence of essential distinctions between town and country and between physical and mental labour. From being a mere means of life, labour at the stage of communism will become a prime necessity of life for everybody. On the basis of an enormous rise in the level of productive forces and the productivity of social labour, an abundance of articles of consumption will be achieved and the

transition effected to the communist principle: "From each according to his ability, to each according to his needs." (2) For the transition to communism it is necessary to solve the basic economic task of the U.S.S.R., that of overtaking and outstripping the most advanced capitalist countries economically, that is, in production per head of population. The material production basis of communism must be brought into being, sufficient to provide an abundance of objects of consumption. The essential distinction between town and country must be abolished, on the basis of the creation of uniform communist property in the means, of production. This in turn requires all-round strengthening of the role of State public property in the means of production in the national economy as a whole, and in agriculture in particular, and the strengthening and development also of the socially-owned economy of the agricultural artel. The transition to communism further requires such a cultural development of society as will abolish the essential distinction between mental and physical labour, and will raise the educational level and technical knowledge of all workers to the level of engineers, technicians, and agronomists. (3) The successful achievement of the gradual transition from socialism to communism in the U.S.S.R. is being brought about by the millions of working people, under the leadership of the Communist Party and the Soviet State, guided in their work by the knowledge and use of the objective laws of economic development. In socialist society, the seeds of communism are already present in production, in attitudes to work and to social property, and in relations between man and man. Communism is being built in the course of a decisive struggle against the survivals of capitalism in the consciousness of man. A necessary condition for the liquidation of these survivals is the communist education of the working people. (4) The all-round strengthening of the mutual co-operation and fraternal friendship of the countries in the socialist camp is a decisive condition for the successful building of communism in the U.S.S.R. and of socialism in the People's Democracies. The building of communism in the U.S.S.R. is of enormous international importance.

The Living wage is not moderate

van der Walt 14 [Lucien van der Walt, "From Living Wage to Working Class Counter-power", 11/28/2014, A Collective Bargaining Omnibus, <https://theanarchistlibrary.org/library/lucien-van-der-walt-from-living-wage-to-working-class-counter-power>]

RIGHTS RELY ON POWER It is an illusion to think that the state can be used to entrench justice, including living wages. All states, without exception, no matter how red their flags, or socialist their slogans, are controlled by minority ruling classes; constitutions are pieces of paper, ignored unless working-class people enforce them through struggles, not litigation. Even then, the balance of power shapes how laws are interpreted and applied, if at all; so it is only through strength – struggle, autonomy, self-managed counter-power – that anything can be won. It is not through political parties and elections that the state and capital make concessions. 'Working class political parties', enmeshed in the hostile state, have normally proved 'distinct failures': the most important reforms have arisen, instead, as a 'registration' or reflection of the 'direct action' and 'real power' wielded by working classes fighting through their 'own efforts' and mass structures (Ford & Foster, [1912] 1990: 3–4, 20). Unless the working class and the popular classes build the power to enforce their demands, including wage demands, upon the ruling class, they will never win those demands. The balance of power shapes income distribution, how and where decisions are made, who is rich and who is poor, and who lives, and who dies. But all victories, even the greatest ones under the existing system, that is, capitalism and the state – are partial. Better wages are continually eroded by issues like rising prices and rising unemployment. Furthermore, a better paid wage slave is still a wage slave. The deep system and structure of dispossession and minority class rule that forces people into wage labour, has to be uprooted. The highest wage does not remove exploitation; the system cannot operate unless workers are paid less than the value of their production. Exploitation does not have to mean a low wage: it means only that workers are paid less than the value of their production. The deep class system is also based on a basic disparity of power and wealth, across society, in everything from the running and financing of schools (always worst for the working class) to

the structure of the economy (which is why it is possible to have a country with mines producing gold, which has no real use, yet a massive shortage of houses). Fundamental change means displacing the ruling class from power, through counter-power, implementing a new society, based on participatory and democratic planning of the economy and society. This requires a continual project of struggle, autonomous of the ruling class, including the state, including the parliament and state elections and it requires conscientising the mass of the people on the need for a larger struggle for self-management, the removal of hierarchy, and social and economic equality, that is, a project of revolutionary counter-culture, running alongside and strengthening working-class counter-power. FROM WAGE STRUGGLES TO SOCIAL TRANSFORMATION Building counter-power and counter-culture is only possible by engaging with struggles for immediate reforms, including wage struggles. Through such struggles and not through abstract plans, the mass of people get mobilised; their victories increase their confidence; their defeats teach valuable lessons, including the importance of solidarity and unity, and the common interests of the broad working class. A working class that will not fight to put bread on the table will never manage to fight to completely change society. The argument that fights for minimum or living wages are too moderate, that struggle must ignore this as a distraction, and proceed straight to 'revolution' (or failing that, to riots and so on), is wrong. Wage battles, like all immediate struggles, are limited, but they are a step on the road to deep changes. A real change in society will not arise from a simple collection of partial struggles and victories, however 'militant' but preparing for a decisive confrontation – where the accumulation of massive counter-power, infused with counter-culture can permanently displace the existing power structure. THERE ARE NO SHORT CUTS There is no short cuts, since this project requires widespread mobilisation and conscientisation; smaller struggles, sometimes emotive, sometimes 'militant,' are valuable, but never enough; there needs to be a quantitative (in terms of numbers and structures) and qualitative (in terms of growing mass confidence, organisation, consciousness and power) change. This requires careful work, not a leap of faith; the small struggles are the foundation of the great struggle, not a rival, not a substitute, but only a step in the right direction.

The people are already asking for a living wage – it's just a matter of doing the plan to begin the next steps

Sneed [Hailey Sneed, "The Living Wage Movement and Its Ties to the Labor Movement – Student Anthology", Western Carolina University, <https://faculty.wcu.edu/studentanthology/writing-across-western/anthropology-and-sociology/the-living-wage-movement-and-its-ties-to-the-labor-movement-by-hailey-sneed/>]

Had the federal minimum wage risen at the same rate it had in 1968, today it would be \$10.65 per hour, adjusted for inflation; and had it grown with the rate of economy-wide productivity it would be closer to \$19 per hour (Economic Policy Institute 2013). In actuality, the minimum wage is currently only \$7.25 per hour. Changes in labor market policies and business practices in America over the past three decades have led to wage stagnation and rising inequality experienced by an increasing percentage of the population. Full-time workers are finding themselves in poverty with no significant source of aid and no real possibility of making a comfortable life for themselves and their families. The Living Wage Movement is a social movement that is aimed at the plight of the increasing scores of those categorized as working-poor in an attempt to mitigate rising inequality and raise the standard of living for those at the bottom of the wage distribution. The Living Wage Movement is not entirely new; it is the resurgence of the much older Labor Movement. The Labor Movement began in America during the late 1800s in reaction to the Industrial Revolution; the progenitor of the wage system of economics (Luce 2002). Prior to the Industrial Revolution, America's economy was based on production in which the average citizen produced their own goods for sale at their market value. Advances in technology made possible mass production, putting the artisan out of business and forcing him to sell not his goods but his labor to facilitate the new system in exchange for a wage. In a wage system the owner of production aims to make a profit. The worker then is exploited by having no ownership of or control over the product she

produced. This was the birth of capitalism in America and exploitation is inherent in the system. As the wage system diffused throughout the U.S. economy (as it did with many nations in that era), people perceived working for wages as akin to serfdom and their mistrust gave rise to the Labor Movement as people fought to protect the rights of workers to a decent standard of living, safe working conditions, dignity, and just compensation. Britain was first to launch a Labor Movement, inspiring America's movement (Takahashi 2003) with the first minimum wage law passed by the state of Massachusetts in 1912 (Muilenburg and Singh 2007). After the economic crash of the Great Depression, the American government reified the pro-labor stance held by the populace by implementing many laws to protect the working public including the Glass-Steagall Act of 1933, which regulated the financial sector by banning banks from using savings accounts for investment capital, and the Fair Labor Standards Act of 1938, which instituted the federal minimum wage. The pro-labor and pro-regulation political ideology remained intact until the 1960s when America was rattled by social unrest and political divisiveness driven by economic hardship and controversial war efforts (Takahashi 2003). As a result, political ideologies supporting free-market economy and deregulation of the financial sectors emerged, enabling the financial sector to grow without bounds. The growing power and significance of the financial sector has created an increasingly exploitative economic atmosphere framed by the political philosophy of laissez-faire governance. Communication and transportation technological advancements actualized globalization in America. The deregulated business and financial sectors sought to optimize their profits. Large corporations are expanding unchecked by utilizing cheap production overseas and incurring massive capital gains as they increasingly deal in investments and abstract, intangible monetary "goods" and focus less on product and labor. As a result, the labor market has shifted from manufacturing to a service industry. These changes have had significant effects on the average American worker. Traditionally, service jobs have been less valued than manufacturing jobs and most other occupations. Due to the nature of service work, there is little room for advancement which means that a large portion of the labor force is base-line devalued compared to their pre-globalization counterparts. "Inequality fueled by broad wage stagnation is by far the most important determinant of the slowdown in living standards growth over the past generation..." (Economic Policy Institute 2014: 23). Wages for the bottom 80th percentile have stagnated, or in some cases decreased, in spite of rising costs of living, inflation, and increases in GDP. Despite the fact that workers are more educated than they have been in the past and that the average person works 167 hours more per year, 27.5% of U.S. workers earned poverty level wages in 2013 (Economic Policy Institute 2014). Working full-time on the today's federal minimum wage will not generate enough income to allow someone to lift themselves out of poverty, and coupled with laissez-faire economics, global competition, and an overall increase in exploitation exacerbated by business deregulation, the average American worker has little chance of providing himself with a decent standard of living. The Living Wage Movement is a reactionary movement by the victims of structural inequity and is the first stepping stone in the modern incarnation of the U.S. Labor Movement. Most scholars have agreed that the Living Wage Movement has arisen out of a different set of circumstances than that of its predecessor and therefore has acquired a different group of constituents which have adopted a new set of tactics and mechanisms to achieve its goals. The demographic shift in the labor market also means a shift in the demographics of the labor movement. Due to the large decrease in manufacturing jobs, most jobs found in the labor market today are service jobs which have traditionally been paid low wages and primarily comprised of women and minorities. The main concession among the literature is that the Living Wage Movement primarily utilizes grassroots activism and coalition building over more centralized institutional action. Takahashi (2003) argues that "New Federalism" (referring to the more conservative policies devolving power from federal government to the states as well as responsibilities of welfare to the states, communities, and individuals) has actually set the stage for and ignited what she calls the New Labor Paradigm. By decentralizing power over economics and public policy, New Federalism inadvertently rendered

community based organizations capable of tailoring their local governments to their ideals. The communities who had to deal with the fallout of the nation-wide growing inequality (i.e. rising rates of poverty amongst its citizens) were intimately acquainted with its negative consequences and therefore were moved to fight for what they believed to be social justice (Takahashi 2003). Although it was not the first to pass a living wage ordinance, Baltimore, Maryland is credited with the rebirth of the "New Labor Movement" or the Living Wage Movement with the passage of the city's first living wage ordinance in 1994 as a direct result of grassroots and coalition efforts (Reynolds 2001). Pastors of the Baltimore community noticed that while unemployment was down, poverty was up and a higher percentage of Baltimore citizens were in need of assistance even though the majority of them held steady jobs. The pastors reached out to other community groups and began the campaign, ultimately winning an hourly increase from \$4.35 to \$7.70 for workers falling under the parameters of the ordinance. Baltimore was responsible for inspiring activism in other cities across the U.S., raising public awareness, and reviving the term "living wage," an important device for the movement (Luce 2002). Takahashi (2003: 268) argues, "Communities have become structural centerpieces of the New Labor Movement." Following Baltimore's example, activists in the movement made networking and coalition building between unions, affected workers, religious organizations, and other community groups a main priority in order to pool resources; specifically human capital (Muilenburg and Singh 2007). To gain support from a broader base, living wage campaigns had to reframe free-market policies as inhibitors of social justice, and as a threat to the intrinsic right, personal dignity, and well-being of the hardworking American (Muilenburg and Singh 2007). According to Reynolds (2001: 35), "... part of framing is entering public consciousness." The Living Wage Campaign of Los Angeles exemplifies the notion of collective action among a broad range of movement actors. The Living Wage campaign in L.A. began when the previously unionized airport was given free-range to outsource their employees to subcontractors in 1994. Three hundred people lost their jobs as a result, and seven hundred more jobs were destined for the same fate. The Service Employees International Union banded with other local unions, community groups, and prominent people in the area to launch an aggressive campaign. Activists used phone-in campaigns to the City Council, along with theatrical demonstrations like sending the City Council empty paper plates on Thanksgiving to symbolize the hungry families working for minimum wages and those who had lost their jobs due to lax business regulation. Campaign organizers elicited help from Hollywood and got thirty-three major film and T.V. producers to write letters to the Council expressing their support for the movement. Executives from Bell Industries and Pioneer Foods wrote opinion pieces on their companies' success with awarding higher wages to their workers. All the while, Bobbi Murray, the campaign's media director ran human interest stories from those whose lives were significantly affected by the city's current policies. By 1995, the campaign had successfully passed legislation that required companies receiving city contracts to retain their existing workforce and established legal protections for workers' right to organize. By March 1997, L.A. passed the Living Wage Ordinance. Many new unions and organizations emerged out of this campaign that worked to change government policy and put pressure on non-compliant employers. Activists even succeeded in cutting a deal with UCLA Health Care to create an affordable family care package equal to \$1.25/ hour (Reynolds 2001). Activists have strategically refrained from centralizing their efforts (like in the Baltimore and L.A. campaigns) and have kept their scope small in response to the diverse political spheres in which they are forced to act (Takahashi 2003). By retaining their autonomy but participating in broad cooperation they are able to gain the support of a wide variety of organizations without being bogged down by the bureaucratization of a more centralized force. This method of organization also allows for the employment of more contentious politics like the demonstrations used by Harvard students during their own Living Wage Campaign. At the time, Cambridge had just passed a Living Wage Ordinance for which Harvard University, the city's largest employer, was exempt. At this time the Global Justice Movement and other international movements were in full swing mounting arguments against neoliberalism, deregulation, and privatization which

encouraged Harvard's student body to challenge the institution in the name of justice. The students joined community organizations and outside political groups to navigate the political sphere outside campus; however, on campus they practiced much more contentious and dramatic politics to get the attention of fellow students, the outside world, and the administrators. They began as small disturbances, like in classes or board meetings held by the Harvard administration, or they posted facts about how Harvard was keeping their workers' wages below the poverty line. Once they gained what they believed to be the critical mass of support needed for their cause they implemented more aggressive tactics such as the three week long sit-in of one of the campus buildings. After the students had effectively marred the image of the Harvard administration, in conjunction with the barrage of outside pressure from the community, the students' organization won a \$10/hour living wage ordinance for Harvard employees, which included clauses for the value to adjust with inflation and one that extended the coverage of the ordinance to the employees who were subcontracted through other companies. Overall the ordinance cost the University \$10 million dollars, or ½%-1% of the annual budget (Offner 2013). While many around the world have criticized the U.S. Labor Movement as being weak and unorganized, the decentralization of the Living Wage Movement may have been its greatest strength. The movement's organizers were strategic in the way they eased the notion of the "living wage" in to both the public consciousness and political landscape. Instead of attempting to gain living wages for everyone, they first demanded it of the businesses which received subsidies from state and local governments. By taking this route, activists were able to appeal to the public's emotions by arguing that their tax dollars were being used to pay wages that kept people in poverty. All the while they were avoiding a battle with the free-market and its ideology. Although the downfall of this strategy would appear to be the very short reach of the ordinances, the activists in the Living Wage Movement did not want to stop at winning higher wages for employees tied to the tax base (Bernstein 2004). The goal of the Living Wage Movement was to achieve a higher standard of living, dignity, and just compensation for everyone just like the laborers before them. Today, the same activists who fought and won living wages for the few are still fighting for living wages for all. Now they are pushing for a much higher federal minimum wage. The movement, although somewhat slow in coming to its main goal, a higher minimum wage, shows no signs of giving up any time soon. There is wide public support for a minimum wage hike regardless of political affiliation. In a survey by Hart Research Associates, eighty percent of Americans (62% of which were republican) were in favor of a \$10.10/hour minimum wage (Huffington Post 2013). Prominent conservative republicans such as Mitt Romney and Rick Santorum have expressed their support for the notion as well. Even GOP states such as Alaska, Arkansas, Nebraska, and South Dakota have plans to implement a higher minimum wage; all with provisions for the value to adjust with inflation (Nichols 2014). Even large corporations like Walmart and McDonald's have plans to raise wages for a portion of their workers, which may have been an attempt to abate large scheduled strikes by factions of their employees. In my opinion this movement has been well-thought-out and structured. Thanks to proper planning and tactful maneuvering, the movement has managed to work their definition of social justice into the minds of the populace and the law books. The Living Wage Movement is still in effect, although I would argue that now it has graduated to the status of Labor Movement, and I fully expect to see the federal minimum wage resemble that of a "living wage" within the next ten years. There are no alternative paths to their goals that I can see other than the one these skillful actors have taken. Overall, I believe this particular segment of the modern-day Labor Movement has been very effective and has laid a solid foundation from which a full-fledged Labor Movement can be rebuilt.

Kantian Ethics

A living wage is key to ensuring the autonomy of employees and respects them as an end in and of themselves

Bowie 98 [Norman E. Bowie A Kantian Theory of Meaningful Work Journal of Business Ethics, Vol. 17, No. 9/10, How to Make Business Ethics Operational: Creating Effective Alliances: The 10th Annual EBEN Conference (Jul., 1998), pp. 1083-1092 (10 pages) <https://www.jstor.org/stable/25073937>]

Although Kant's explicit remarks on work are rather limited, none the less, I believe the following ideas concerning the obligation of the manager to employees have explicit warrant in the Kantian texts. 1. A corporation can be considered moral in the Kantian sense only if the humanity of employees is treated as an end and not as a means merely. 2. If a corporation is to treat the humanity of employees as an end and not as a means merely, then a corporation should honor the self-respect of the employees. 3. To honor the employees' self respect, the employees must have a certain amount of independence as well as the ability to satisfy a certain amount of their desires. Thus the corporation should allow a certain amount of independence and make it possible that employees can satisfy a certain amount of their desires. 4. In an economic system, people achieve independence and satisfaction of their desires using their wages which they earn as employees. 5. Thus a corporation should pay employees a living wage, that is, a wage sufficient to provide a certain amount of independence. Although this is as much as one can say given the Kantian text, I believe one can begin to formulate a Kantian theory of meaningful work. First, meaningful work provides a salary sufficient for the worker to exercise her independence and provides for her physical well-being and the satisfaction of some of her desires. Second, it seems obvious that meaningful work in a capitalist economy, be it the work of managers or the work of employees, must support the dignity of human beings. That is, capitalist work should support or enhance the dignity of human beings as moral agents. And since for Kant autonomy and rationality are necessary for moral agency the work relationship must support the autonomy and rationality of human beings. Work that deadens autonomy or that undermines rationality is immoral.⁹ Thus the Kantian text explicitly provides two of the conditions for meaningful work.

Renewables

PLAN: The United States should require that workers in the renewable sector receive a living wage.

Patterson 19 [Jessica Patterson, "The Social Construction of the Deserving Poor within Renewable Energy Policy", 6/12/2019, Oregon State University, https://ir.library.oregonstate.edu/concern/graduate_projects/73666b46m]

Not only does the resolution indicate the United States' ability to create economic and political justice for low-income and poor citizens, it names each group that has been overlooked by public policy in the past. It can be suggested that by including these vulnerable communities, a more equitable and overall prosperous future will be the result. By giving these communities a voice and more political influence, there becomes a change in the dynamic of which groups are given political advantage. When equity is given to groups previously held out of sight by political design, they are allowed power in a way that then makes them the politically influential when it comes to making decisions for their families and communities. Thus arises the creation of a county which fundamentally strives for the success of its people. This is accomplished through: "...directing investments to spur economic development, deepen and diversify industry and business in local and regional economies, and build wealth and community ownership, while prioritizing high-quality job creation and economic, social, and environmental benefits in frontline and vulnerable communities, that may otherwise struggle with the transition away from greenhouse gas intensive industries..."⁷¹ Not only, then, are vulnerable communities not struggling financially with the transition to renewable energy, they are headlining that transition by way of the green jobs that make the conversion possible. By empowering the people throughout the country with green job training and a living wage, they are given the reigns and allowed the advantage of creating an economy, public policy, and an overall infrastructure that works for them. Consequently, transforming previously underprivileged communities from being dependent upon the government system, to being an advantaged group that dictates how the system can keep each and every citizen affluent.

Low pay in the renewable sector means workers don't switch

Sato 23 [Misato Sato et al., Jan 2023, [Misato Sato is a Professorial Research Fellow at the Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science. She is also Deputy Director of the Centre for Climate Change Economics and Policy, a Co-Editor of the Environmental and Resource Economics journal, and a DIW Fellow. Her research explores the barriers to delivering a rapid low carbon transition, particularly for industrial sectors.] "Skills and wage gaps in the low-carbon transition: Comparing job vacancy data from the US and UK," Grantham Research Institute on Climate Change and the Environment, <https://www.lse.ac.uk/granthaminstitute/publication/skills-and-wage-gaps-in-the-low-carbon-transition-comparing-job-vacancy-data-from-the-us-and-uk/>]

Meanwhile, high-carbon jobs in the US command a large wage premium compared with non- high-carbon jobs in the same occupation, and this persists to the end of our sample period. Across 2017–2019, salaries for high-carbon engineering jobs were 8% higher on average compared with other engineering jobs; for high-carbon construction and extraction jobs the gap is 16%. In contrast, in the UK we do not find a wage premium for high-carbon jobs. The only exception to this result is for manual jobs in manufacturing (process, plant, and machine operatives), which see a statistically significant wage premium in latter sample years (2018–2021). 7. Conclusion and implications for policymakers Job ad data combined with methods developed in this research offer a powerful toolkit for understanding the changing demand for skills in the low-carbon transition and quantifying reallocation costs associated with reskilling. The precise assessment of skill requirements of low-carbon activities will become even more important as massive labour reallocation towards low-carbon activities is expected under ambitious decarbonisation scenarios (Hafstead and Williams III, 2018; Castellanos and Heutel, 2019). Saussay et al. (2022) have developed a transparent and flexible approach to accurately isolate low-carbon jobs and quantify emerging skill and wage gaps using advertised job vacancy data, overcoming many of the issues with using sector- or occupation-based definitions. In this report we have applied this

approach to characterise low-carbon jobs in the UK, drawing similar results to the US. This suggests that we are uncovering something inherent about the nature of low-carbon jobs, and we are measuring the 'intrinsic' low-carbon skill gap. Policymakers can use this approach to monitor skill gaps associated with specific technologies and sectors that are relevant for the local economy, thus improving the effectiveness and the targeting of retraining programmes. Low-carbon jobs are systematically more skill-intensive in most major occupations. A low-carbon skill gap exists across the US and UK, according to the detailed skill profiles in job postings – larger and broader than previously found using more aggregated analysis. The evidence that jobs in the low-carbon economy demand more skills from workers strengthens the case for public investment to help workers acquire skills, for example through targeted skills programmes. Our results on skill gaps thus support previous findings (Popp et al., 2021) that green fiscal push policies including stimulus packages require investments in retraining. The magnitude and nature of the skill gap vary across occupational groups, suggesting that retraining solutions will need to be tailored to meet the specific needs of occupations affected by decarbonisation, or of the companies hiring these workers. Finding appropriate solutions to address the skill gap is likely to require cooperation among industry, trade unions, industry associations, technical and vocational schools, and other social actors. Low-carbon jobs require higher skills but currently do not pay higher wages This lack of a low-carbon wage premium is concerning for achieving the low-carbon transition. Low-carbon jobs are more likely to emerge in higher-paying occupations. This means that in aggregate, low-carbon jobs are better-paid. However, our detailed analysis reveals that when comparing low-carbon jobs with similar jobs within the same occupation, low-carbon jobs paid higher wages to compensate for higher skill requirements during the early 2010s in both the UK and US but this wage premium has largely disappeared in more recent years. In the UK, a small but positive low-carbon wage premium is still found in some middle-/low-skilled occupations such as in construction and building, and for process, plant and machine operatives. The lack of a positive wage premium in recent years for low-carbon jobs despite their having higher skill requirements is problematic for attracting workers to take up these jobs. Reconciling the gap between higher skill requirements and a lack of wage premium is a neglected but important issue for managing the low-carbon transition. Potentially high labour reallocation costs need to be factored into policy decisions and economic modelling

More workers are the only way to ensure a successful transition.

Naschert 22 [Camilla Naschert, Se 12 p 2022, "Skills shortage imperils global energy transition," No Publication, <https://www.spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/skills-shortage-imperils-global-energy-transition-71565735>]

As renewable energy targets swell across the world, the availability of skilled workers risks becoming a bottleneck for deployment. In the EU, 650,000 people work in wind and solar energy. This figure is set to double in the next eight years, according to trade associations SolarPower Europe and WindEurope. The U.S. is seeing a similar growth pattern, with the country's new Inflation Reduction Act expected to generate nearly 1 million additional clean energy jobs each year in the coming decade. But hiring fresh talent is already proving difficult: 89% of solar companies surveyed for the National Solar Jobs Census by the U.S. Interstate Renewable Energy Council, or IREC, reported difficulties finding qualified applicants last year, citing competition, a small applicant pool, and a lack of training, experience and technical skills. "If you look at the projections going forward, we can see that the demand is huge and we will probably struggle on the supply in the long run if we don't put in place specific plans for how to close this gap," said Kerstin Knapp, executive vice president for people and culture at wind giant Vestas Wind Systems A/S. "It is really an underestimated element of the energy transition," Knapp said in an interview. 'Bottleneck' on the front line For solar and wind, most workers are involved in the installation of panels and turbines, meaning they work through a pipeline of projects and move on every few months, often to different countries. Experts said that workforces will soon struggle to keep up as installations targets grow. These frontline workers make up 60% of Vestas' head count. "That is already

today a bottleneck but will become even more so in the future," Knapp said. Safety experts, construction managers and cybersecurity professionals are already hard to recruit, the executive added. The skills shortage could hamper the world's ability to achieve net-zero emissions, according to Antonio Scala, head of people and organization for Italian utility Enel SpA's renewables, thermal generation, infrastructure and networks divisions. "In the immediate future, we will mainly be hiring from utilities and the industrial sector because the transfer of skills from traditional sectors to renewable energy is more direct," Scala said in an email. To meet longer-term staffing needs, "the world needs a skills and training revolution." The wind industry will start seeing a skills shortfall from 2025, according to Tom Hopkinson, CEO of renewables recruitment agency Taylor Hopkinson Ltd., which fills roles and provides freelance staff for major utilities and developers including Vattenfall AB, Equinor ASA, and Ocean Winds SL, the joint venture between Engie SA and EDP Renováveis SA. Taylor Hopkinson has recently declined assignments amid a demand surge that is especially pronounced for skilled middle-management project engineers, Hopkinson said in an interview. As demand grows, the offshore wind sector in particular is likely to run into difficulties. Europe, already the world leader in offshore wind, wants to build hundreds of gigawatts by midcentury. Meanwhile, the nascent U.S. market is rapidly ramping up. It usually takes more than 10 years to become a competent project leader for offshore wind farms, and skills gaps in this area will not be plugged in the next few years, Hopkinson said. "What you will see is some very inexperienced people leading some very big projects," the recruiter added. Aside from health and safety concerns, this will also raise the cost of project financing as banks price in the higher risk of delivery delays. BayWa r.e. AG, a global developer of onshore wind and solar projects, has seen additional vacancies grow 25% each quarter since 2020, Stefan Hobmair, head of people development and strategic recruitment, said in an interview. While key roles such as software developers and project engineers are hard to come by across all sectors, staffing projects is not yet an issue, the executive said. BayWa r.e. has developed an in-house training program for wind- and solar-specific skills, Hobmair said. 'Grand opportunity' to retrain In the growing renewables industry, developers will have to increase their head count by hiring from other sectors, according to Louise Christensen, BayWa r.e.'s global employer branding manager. "We're not dead [set] against people who have no experience in our industry," Christensen said in an interview. "Of course, we need to train them so that they are able to do their job, but often they come with different sets of ideas that we haven't had before." In the U.S., much of the potential for renewables deployment is in areas where fossil fuel industries are fading and workers with compatible skills are becoming available, such as sun-rich Texas and windy North Dakota, according to the Brookings Institution. "The clean energy transition offers a grand opportunity to retrain local workers and repurpose the industrial infrastructure in these communities," analysts at the think tank said in a February 2021 report. There are exceptions to this overlap, however. Energy workers in regions without clean energy booms, such as parts of Kentucky, Minnesota and West Virginia, will require more targeted assistance to find new careers and transfer their skills, the analysts said.

Most oil and gas workers want to work in renewables because of job stability.

Beer 21 [Mitchell Beer, 12-1-2021, "56% of Oil and Gas Workers Want Renewables Jobs as Fossils' Recruitment Woes Grow," Energy Mix, <https://www.theenergymix.com/56-of-oil-and-gas-workers-want-renewables-jobs-as-fossils-recruitment-woes-grow/>]

56% of Oil and Gas Workers Want Renewables Jobs as Fossils' Recruitment Woes Grow Oil and gas workers around the world are getting set to vote with their feet, with more than half of them saying they want work in renewable energy and 43% across all forms of energy saying they plan to leave their jobs in the next five years, according to the latest in a series of annual work force surveys commissioned by recruitment firm Brunel International and Oilandgasjobsearch.com. The survey results, published Tuesday, show that oil and gas "risks a huge work force shortage," Reuters reports. "Oil and gas companies have faced growing pressure from investors, activists, and governments to fight climate

change, making them less attractive to young professionals,” the news agency adds. So “as energy demand and prices recover strongly around the world, many companies are finding it hard to recruit again.” The proportion of oil and gas workers planning a move to renewables is up to 56% this year, from 38.8% in 2020, and 51% of renewables workers said they had entered a new sector in the last 12 months, the survey concludes. That result is still short of the more than two-thirds of Canadian oil and gas workers who said they wanted to retrain for net-zero jobs, in a survey released in mid-July by Edmonton-based Iron & Earth. “With more workers gravitating towards the renewables sector, it’s likely that the industry will continue to see an exit from those in traditional sectors,” the Brunel report states. “The higher salaries offered by the renewables and mining sectors are making roles in these areas more appealing, which adds to the pressure faced by recruiters in the oil and gas sector.” Some 82% of those recruiters said one in 10 of the jobs they were trying to fill had been open for more than three months, and 10% of employers have had to bring back retirees to combat the skills shortage. “The world has been turned upside down in recent years and, like many industries, the energy industry is experiencing significant changes in its hiring and employment trends,” said Brunel CEO Jilko Andringa. “Global competition for candidates is fierce, and we need to rise to meet these challenges together as an industry.” The global challenge is showing up in Canada, as well, with the Canadian Association of Energy Contractors identifying a lack of skilled workers is the single greatest risk to the prospect of increased oil and gas activity, the Globe and Mail reports. “Years of economic contraction and instability in the industry have led to people turning their back on the oil and gas sector,” the Globe writes, citing CAOEC President Mark Scholz. The industry has raised wages by 10%, and has begun reaching out for workers to make the long commute from the Maritimes, Quebec, and Ontario to the western oilpatch. But it isn’t an easy or immediate sell. “We are now in a situation where finally, after seven years, we’re seeing elevated prospects and growth, but it’s going to take some time to send the right signals of stability within this sector in order to bring back that complement of workers,” Scholz said. “We’re already starting to hear some of our members indicate to our clients, who are the oil and gas producers, that we don’t have any rigs available. And it’s largely due to crew shortages,” Scholz added, in an interview with CBC. “So it’s going to have an impact on our ability to increase production.” In a mid-September profile of an Estevan, Saskatchewan oilfield services contractor who was having trouble recruiting workers, the Globe’s Emma Graney reported that job stability and a 40-hour work week were emerging as higher priorities for workers than the high wages they could once earn in the industry, as a new reality of unsteady or crashing oil prices entered its eighth year. The work force gaps extend to oil and gas well cleanups, as well, The Canadian Press wrote in mid-October. “Whether it’s for new programs or abandonment operations, we’re all going to be faced with crew shortages,” Scholz said at the time. “So will (cleanup) be impacted? Yeah, it will.”

The transition away from fossil fuels to renewables is doomed to fail because there’s a shortage of workers needed to fill renewables jobs.

Rosen 23 [Rachel Rosen, "Career and Technical Education (CTE) for Climate Jobs: A Framework for Secondary and Postsecondary CTE", July 2023, Eric, <https://eric.ed.gov/?id=ED634986>]

INTRODUCTION The April 2022 report from the Intergovernmental Panel on Climate Change makes some dire predictions about the impacts of climate change, should the planet continue to warm due to human activity that emits greenhouse gases (GHGs) into the atmosphere.² Importantly, however, the report also emphasizes that many of the technologies needed to avert the worst impacts of climate change already exist, if the world scales their usage at a rapid pace. While the scope of a transition toward renewable energy, and away from fossil fuels, as well as other sustainable economic practices is daunting, the United States has recently begun to obtain policy momentum in the push to decouple economic activity from GHG emissions. A suite of recent federal laws, as well as state and local laws and

private investments, are set to address the interlocking needs of developing, building, and deploying clean energy infrastructure and transportation.³ Demand for everything from solar panels, ⁴ electric vehicles, ⁵ and heat pumps,⁶ to many other clean energy systems and products has skyrocketed in recent years. This demand will likely continue as prices for many of these goods continue to fall, in many cases below the cost of fossil fuel-powered technologies. This shift will make the transition to clean technologies an economically viable pathway.⁷ However, accompanying this rise in demand is a growing shortage of workers trained in the building, installation, operation, and maintenance of the new technologies. Currently, more than half of the United States' energy employers report difficulties in hiring qualified workers who are trained in building, deploying, and maintaining new energy-efficient and clean technologies. This worker shortage puts at risk the United States' ambitions of cutting GHG emissions substantially this decade.⁸ At the same time, the sheer scope of the need to rapidly expand the number of good climate jobs with family-sustaining wages and advancement opportunities, renders an unprecedented opportunity to provide redress for communities that have historically lacked adequate access to the levers of economic opportunity. In many cases, these same communities have been hardest hit by environmental degradation and the impacts of climate change.⁹ Moreover, members of marginalized communities, such as Indigenous and tribal communities that have both struggled economically and have long histories of relating to and managing natural resources in sustainable ways, may already have the necessary knowledge, skills, and habits of mind in relation to issues like conservation and sustainable resource management. These skills and habits are necessary for leadership in roles facilitating climate stability.¹⁰ In addition, many of these jobs will come from the federal expansion of apprenticeship programs as well as jobs in the skilled trades that do not always require a four-year degree. The urgency of the energy transition, combined with the disruptions to the educational and career trajectories of young people created by the pandemic, have made it more important than ever to both develop new, and scale existing, evidence-based pathways and models of career and technical education (CTE) that can meet the needs of a changing labor market. Doing so could be a way to equitably support young people to achieve success in the climate workforce, where myriad jobs address the needs of society's response to a changing climate. The Carl D. Perkins Act is the existing federal legislation that provides funding to states for CTE. It requires states to use funds to support equity in CTE for students from a variety of underserved communities, and to create programs that are linked to local labor markets. While Perkins Act funding only represents a portion of funding for CTE, with the bulk coming from individual states, it does provide a framework upon which to equitably build programs in fields where there is current and growing demand. In addition, there is also a significant body of evidence about the effectiveness of CTE for supporting positive educational and economic outcomes for students. Using existing programming, funding, and evidence to adapt educational systems to create a pipeline of talent to fill climate jobs could be a winwin for students, the economy, and the planet. This paper presents (1) an overview of the scope of jobs that are affected by the transition to a clean energy and climate-resilient economy; (2) a review of the current state of policies aimed at expanding the climate workforce; (3) a review of the evidence about CTE; and (4) a discussion of barriers and potential solutions to improving the education and training pipeline to support an economic transition that is also just and equitable. WHAT ARE CLIMATE JOBS? Referred to by a variety of monikers including green and blue jobs, or climate jobs, there are multiple definitions to describe the kinds of jobs that support the development of a more ecologically sustainable economy.¹¹ For example, the Bureau of Labor Statistics defines green jobs as those that address either adaptation to or mitigation of climate change.¹² Specifically, these jobs do at least one of the following: produce goods and services that benefit the environment; preserve natural resources; serve to make business processes more environmentally friendly; or reduce natural resource use. Other categories of jobs also include those defined as being dedicated to improving resilience to the effects of climate change.¹³ Broadly, adaptation and mitigation jobs are those that are focused on reducing or stopping the

contributors to climate change, while those that are related to resilience are focused on addressing and managing climate shocks. All of these jobs include both those that are in completely new areas and sectors that are emerging in response to climate change, as well as a broader array of existing jobs that are “greening” in response to a clean energy transition—that is, existing jobs adapting to be more environmentally friendly.¹⁴ The first category of these might include jobs in new industries like wind and solar energy, while the latter might include the reskilling of heating, ventilation, and air conditioning (HVAC) workers to understand heat pump technology; mechanics who can service electric cars; or electricians who can work on all ends of a clean energy grid. But they also include jobs in areas as diverse as urban planning, landscape architecture, climate risk assessment, disaster management, public health, and justice. The myriad skills demanded by a labor market that is rapidly transitioning to using renewable sources of energy, developing more environmentally friendly products, and conducting business in ways that are less resource intensive while also responding to a more unpredictable and intense climate is changing the way work is done for both workers and employers.

WHICH ECONOMIC SECTORS HAVE CLIMATE JOB GROWTH? To understand where most climate jobs are emerging or are likely to emerge, it is useful to understand the areas of economic activity that have the greatest impact on GHG emissions, as well as the sectors that have the greatest promise for reducing emissions either through changes in existing technology, or through practices that preserve or restore natural resources. According to a 2019 report put out by an international group of climate, industry, and economic experts, there are six main economic pillars that need to be addressed to facilitate broad decarbonization of the economy.¹⁵ The category of resilience jobs was not included in this report, but has been addressed elsewhere, by organizations such as The Environmental and Energy Study Institute. ¹⁶ Together these sectors include:

1. Zero carbon electricity—shifting energy creation to renewables (wind, solar, and hydroelectric) and other non-emitting sources of energy (biofuels and nuclear).
2. Electrification of end use—eliminating the burning of fossil fuels from activities that rely on energy (such as transportation, heating and cooling, and cooking).
3. Green fuels—developing new sources of energy that do not burn fossil fuels (particularly for hard-to-electrify sectors, like aviation).
4. Smart power grids—automating the electric grid to be responsive to shifts in the availability of renewably produced electricity to ensure reliable delivery (for example, variability of wind and solar, especially while large-scale battery storage is still ramping up).
- 17 5. Materials efficiency—reducing the use of products that emit GHGs in their production, including plastics, cement, and metals.
- 18 6. Sustainable land use—reducing fertilizer use, demand for meat from cattle, and food waste, while also increasing afforestation, sustainable and regenerative farming practices, conservation, water and wetlands protection, and land stewardship.
7. Resilience—addressing the impacts of climate disasters and events.

The climate adaptation and resiliency industry was valued at \$2.4 billion in 2019¹⁹ and employed over 4 million people in 2020.²⁰ Many of the sectors that incorporate these jobs are already experiencing high levels of job growth, especially those that are related to changing the kind of energy used to create electricity, changing the products that use electricity, and reducing the overall amount of electricity used. For example, according to the U.S. Department of Energy, in 2021, jobs in electric and hybrid electric cars grew by 25 percent. Those in energy efficiency, solar, wind, and smart grids all grew by between 2 percent and 5 percent. Importantly, jobs in fossil fuels—like coal and petroleum—decreased (by 11.8 percent and 6.4 percent, respectively), while jobs in biofuels grew by 6.7 percent.²¹ These rates are compared to overall job growth, which was 2.8 percent for the same period.²² The scale of growth, however, varied depending on the maturity of the technologies and processes. For example, growth in sustainable vehicles resulted in the creation of approximately 45,000 new jobs, while growth in biofuels resulted in approximately 1,200 new jobs. Although data on growth in other climate job sectors, such as those in materials efficiency and sustainable agriculture, are harder to find, there is evidence that investments in these fields are also increasing. For example, while the production of steel and cement have been large sources of industrial emissions due to the amount of energy needed to produce these products, several

new start-ups²³ have emerged that are working on producing these same materials with greater energy efficiency. ²⁴ Given that early innovation can signal the beginning of growth, the emergence of these efforts indicate which way the sector is moving. Moreover, within each of these sectors, there are multiple levels of jobs and expertise that can be developed in order to facilitate transitions, from research and development to installation and maintenance. In addition, it is also possible that as these new pillars of the economy change, they will lead to new industries and job types which do not yet exist, such as how the internet led to whole new communications sectors. Overall, the figures discussed here suggest that demand for workers in myriad climate fields already exists, and is likely to grow.

IDENTIFYING THE OPPORTUNITY: A SHORTAGE OF SKILLED CLIMATE WORKERS While it is unclear exactly how many new climate jobs will be created, projections range from between 2 million and 9 million this decade, many of which will be in contracting and construction.²⁵ For example, it is predicted that the Inflation Reduction Act (IRA) alone will create 900,000 jobs just for HVAC contractors.²⁶ It is also estimated that the United States will need as many as 80,000 new electricians every year to meet demand.²⁷ Other immediate areas of strong job growth include other building trades, such as plumbers, pipefitters, and welders. Jobs in clean energy creation and transmission, clean transportation, and sustainable agriculture and land management are also growing. It is predicted that up to 5 million indirect jobs will also be created in fields as diverse as finance, marketing, and other areas necessary to carry out the work of contractors.²⁸ In addition, shortages of workers with green skills have already been reported. While job listings requiring some kind of green skills grew at 8 percent annually for the five years between 2017–2022, the share of workers with those skills grew at just 6 percent over the same time period.²⁹ Moreover, the Climate Solutions Lab at Brown University created a tool for understanding both the sources and extent of job growth that would occur in different sectors and states, if the United States is to reach zero carbon emissions by 2050.³⁰ The project tracks expected job growth in renewable construction, renewable energy technologies, and energy efficiency, clearly illustrating extensive job growth across many industry sectors and geographic regions from the economic shift to a sustainable economy. The rapid acceleration of job growth in so many sectors at one time is creating huge demand for skilled workers. Without a corresponding system of education and training for these jobs, the clean energy and sustainability transition could be hampered. For example, according to the U.S. Department of Energy, in 2022, more than half of energy employers in many states reported difficulty finding qualified workers.³¹ Likewise, in 2021, solar installations grew by 78 percent over 2019, and jobs increased in 47 states, but 89 percent of solar employers still reported difficulty hiring.³² Additionally, the vast majority of architects, engineers, and contractors who work in green buildings and construction report that they are unable to find enough workers skilled in green construction.³³ Trade unions that represent workers with skills critical for the energy transition, such as the International Brotherhood of Electrical Workers, have been sounding the alarm for years about a shortage due to an aging workforce and lack of new workers, and this shortage is likely to grow.³⁴ Finally, anecdotally, some consumers have also begun to report difficulty finding contractors knowledgeable enough about new technologies, like heat pumps, to be able to switch their homes to cleaner and more efficient sources of energy.³⁵ For many years, there has been an ongoing debate about a “skills gap,” which is when the existing supply of worker skills is misaligned with those demanded of the labor market, both in terms of whether it exists and what its causes are.³⁶ What makes the shortage of workers to fill climate jobs unique is the ability to identify the areas of labor need, as well as the technological skills needed to address them, before the shortages become acute.³⁷ This scenario creates a unique opportunity to both meet the growing needs of employers, while also supporting students to enter pipelines for good jobs with middle class wages, and advancement opportunities at the same time. ³⁸ It also provides a unique opportunity to address longstanding equity issues through program development and scaling to communities and populations that are often underserved by existing pathways for economic opportunity and mobility.³⁹ Current Federal, State, and

Local Policy In 2021 and 2022, the federal government passed three key pieces of legislation that will provide substantial funding for investing in large-scale infrastructure, manufacturing, and clean energy technology transitions. The Infrastructure, Investment, and Jobs Act (IIJA) invests billions of dollars into transportation, public safety, climate resilience, and job creation. While not explicitly a jobs bill, several provisions in the bill allow funds to be used to support workforce development tied to projects that upgrade multiple transportation systems that are key for reducing emissions. For example, funds for clean municipal bus systems can be combined with funds to train workers to maintain those buses. Likewise, funds to build a national network of electric vehicle (EV) chargers along the nation's highway system are also available. Although not required to receive federal funds, the bill also allows states to develop human capital plans designed to outline how transportation and infrastructure improvements can be combined with workforce development.⁴⁰ The Inflation Reduction Act (IRA) passed in the summer of 2022 provides almost \$400 billion in funding just for clean energy and sustainability, which will also increase demand for workers with skills in climate jobs, by increasing demand for low- and no-emissions products.⁴¹ For example, the bill provides tax credits to consumers and businesses for purchasing or investing in solar and wind technology, energy efficiency and weatherization, EVs and heat pumps. It also provides incentives to increase the development and manufacturing of clean technologies in the United States. Funds are provided to help improve energy efficiency in industrial sites, and for restoration projects in forests and coastal lands. As consumers take advantage of those credits, more industries bring clean energy manufacturing to the U.S., and federal restoration projects increase, skilled workers will be needed to carry out jobs across the country, in myriad industries and work sites. These investments are set to ramp up the implementation and deployment of clean technologies that already exist, at scale. There are also many technologies and processes that are still in the development stage that have the potential to continue to lower emissions and to create new jobs in new industries over the coming decades. The CHIPS and Science Act that was signed into law in the spring of 2022 authorizes almost \$70 billion for the development of zero-carbon industries and climate research.⁴² The investments from this bill are set to speed up the time between development and scaling, which means these new industries may emerge on a faster than average timeline. This bill is designed to help keep the bulk of jobs associated with scaling of new technologies in the United States. Earlier green technologies, like solar, were developed domestically, but manufacturing—and jobs—shifted over time to other countries.⁴³ It has been widely noted that these three federal bills together represent a new era of federal industrial policy, in which the government uses the law to develop and expand specific industries. In this case, there is a clear federal commitment to shifting the economy to one that both develops and deploys technologies that run without burning fossil fuels, and the scale of these commitments has implications for job growth across the economy. Even in the few months since the latest of these bills, the IRA, passed in the summer of 2022, clean energy investments in response to the legislation have surged. For example, Toyota, Honda, and LG have all already announced additional investments in expanding U.S.-based battery factories for EVs.⁴⁴ Even as those three pieces of federal legislation mark massive investments in green sectors, states have also passed legislation designed to grow the green workforce. Between 2019 and 2022, Illinois, ⁴⁵ New Mexico, ⁴⁶ Washington state, ⁴⁷ Maine, ⁴⁸ Virginia, ⁴⁹ and Maryland⁵⁰ passed laws focused specifically on different aspects of climate workforce development, including direct investments to develop climate jobs, grow apprenticeship programs, retrain fossil fuel workers, and expand conservation efforts through youth employment. California and New York have passed multiple bills in an effort to grow their green labor markets over the last several years.⁵¹ In addition to these bills, California also passed the Golden State Pathways Program law which provides \$500 million for the development of educational pathways in four key areas, including STEM-based climate resilience.⁵² In New York, ⁵³ \$120 million has been spent⁵⁴ on workforce development for green industries, and in 2022, three additional laws designed to support the implementation of the original legislation were also passed at the state level.⁵⁵ These are combined

with the local New York City Climate Mobilization Act, which is designed to create jobs in construction and building retrofitting in the city.⁵⁶ While the federal legislation is expected to create climate jobs in communities across the country, it is likely that even more jobs will be created in states and localities where investment efforts are made from multiple policy and funding streams. With so many new, emerging, and shifting economic sectors, and demand for skills needed at all levels, there is opportunity for the education and training sectors to meet the moment by both developing and scaling training and pathways models for students at all levels. To that end, the federal legislation that provides funding for CTE is designed to support the development of an equitable pipeline of workers for high demand jobs in local economies. In particular, the reauthorization of the Carl D. Perkins Act in 2018, which provides state funding for CTE at the secondary and postsecondary levels, has already helped fuel an expansion of CTE programming nationally. Particularly relevant for the future climate workforce are the provisions within the Perkins Act that require states to align programming⁵⁷ with local labor markets, as well as to address systemic divisions in career access and training for special populations, ⁵⁸ which include students from economically marginalized communities, students with disabilities, people from populations with chronically low levels of employment, homeless and foster youth, children of service members, and students pursuing non-traditional careers. This last category includes females pursuing traditionally male-dominated fields, and vice versa. The Current State of Career Technical Education, Evidence, and Training for the Climate Workforce High-quality CTE and training usually includes a combination of course work related to learning career knowledge and skills; opportunities for work-based learning, such as internships or mentoring experiences, and career advising; and opportunities to earn industry-recognized credentials that provide at least entry-level access to jobs after program completion. While not every CTE program includes all these elements, most include some combinations of them. ⁵⁹ Many of these program elements are common whether programs are aimed at secondary, postsecondary, or adult students. Nationally, 77 percent of public high school students take at least one CTE course, and CTE has also grown in popularity in recent years as more students have sought alternative pathways to middle class jobs that may or may not require a four-year college degree. Many secondary CTE programs provide elements that allow for an easier transition to aligned programs in community colleges, such as dual enrollment and the earning of entry-level industry-recognized credentials, that can help students eventually earn two- or four-year degrees. Overview of CTE Evidence Importantly, there is a lot of strong research evidence to support the efficacy of CTE as a strategy for improving student outcomes.⁶⁰ In particular, self-contained models in which students move through programs with other CTE students and which offer multiple learning CTE opportunities, such as Career Academies, ⁶¹ Regional Vocational Technical High Schools, ⁶² and Pathways in Technology Early College High Schools (P-TECH schools)⁶³ have all shown promise for improving outcomes for students at various stages along their career trajectories. These include higher rates of high school completion and postsecondary enrollment, and increases in longer-term earnings after high school. Some components commonly found in multifaceted CTE programs, like dual enrollment⁶⁴ (where high school students earn college credit) and internships, ⁶⁵ have also shown promise for improving students' postsecondary enrollment outcomes. In addition, the evidence of effectiveness holds across multiple career fields of study, suggesting both that the structures of CTE help support student outcomes, as well as that the impacts may not waiver much for new or changing CTE content. Perhaps most relevant are the multiple emerging studies⁶⁶ that have shown increases in wages⁶⁷ for students who engaged in high school CTE. In particular, fields like construction, transportation, manufacturing and technology, all of which are fields related to jobs needed for the climate workforce, yield some of the highest post-high school earnings, even though those pathways are not associated with higher postsecondary educational outcomes.⁶⁸ Overview of CTE Content While specific CTE content, as well as what pathways and programs are offered at different schools, is usually locally determined, many states and programs are guided by the Career Clusters Framework (CCF). The CCF was first developed in 2002 through a

collaboration between states and the federal government, and is currently in use in some form by all 50 states.⁶⁹ Used as an organizing tool for the development of curriculum and instruction, it has provided the backbone for the content of what states offer in CTE, reinforcing the quality of programs by determining content that is linked to a variety of viable career options. Developed by Advance CTE, an organization that represents state CTE directors, the framework outlines 16 career clusters, linked to 79 career pathways, that provide guidance for states in designing career pathway programs, and helps outline bridges for career pathways between secondary and postsecondary schooling.⁷⁰ The current clusters are broadly defined, dividing fields of work into many areas that could encompass climate jobs, such as agriculture, food, and natural resources; science, technology, engineering, and mathematics; transportation, distribution, and logistics; and architecture and construction. However, to date, the specific career pathways that could be linked to careers in the green economy have not been laid out. Nor have there been guidelines published for educators that outline the ways that many careers—for which there are already existing pathways—should be adapted to meet the changing needs of the labor market. For example, the Architecture and Construction career cluster⁷¹ does not currently include many of the green building careers, in which architecture and construction fields work to make buildings more energy efficient and climate resilient, outlined in the U.S. Department of Energy's Green Buildings Career map. ⁷² Clear alignment across these kinds of resources could support educators to better adapt existing pathways to the changing climate careers landscape. Although Advance CTE began to modernize the framework in 2020, the organization does not expect to have a revised version until 2024.⁷³ Despite the current and growing shortage of workers for a clean energy transition, the secondary and postsecondary CTE education communities have been relatively slow to respond in terms of developing or adapting career pathways and programs aligned with the climate labor market. Without the rapid scale-up of such programs, there is a risk that there will be a failure to produce either an adequate, long-term pipeline of workers with the skills to do these jobs. Just over half of states, a total of 29, have at least one CTE program that provides either a focus on sustainability or clean energy, a certificate in a related green area, or provides at least one course offering.⁷⁴ While this amount signifies that many states are moving in this direction, these programs do not yet exist at close to the scale needed to meet emerging clean energy and sustainability needs. For example, in order to reach the goal of having 20 percent of U.S. energy produced by wind by 2030, which is a U.S. Department of Energy proposal, it is estimated that there need to be anywhere from several hundred to 1,000 new wind training programs alone.⁷⁵ The wind industry provides jobs for people at all education levels, from apprenticeship level training all the way up to workers with PhDs. Currently, according to the U.S. Department of Energy, there are 196 wind energy education and training programs across the country, the vast majority of which are housed in institutes of higher education.⁷⁶ In addition, through the Department's Wind for Schools program, 143 small wind turbines used for educational purposes have been installed at schools across 12 states. The program, which teaches about wind energy, is not aimed at career training. In addition to these kinds of programs in clean energy, there are also many jobs emerging in what is sometimes referred to as the blue, or ocean, economy. Jobs in sustainable ocean and marine work represent a big piece of the puzzle in addressing climate change, and currently schools in the United States are only producing about 50 percent of the workers needed for the marine economy.⁷⁷

BARRIERS TO CLIMATE WORKFORCE CTE EXPANSION Currently, the Perkins Act encourages states to align CTE with local labor market demand. However, there are several barriers to this alignment that will likely exacerbate a rapid scale-up of CTE for climate careers. In particular, the field is hampered by (1) bureaucratic and coordination challenges that make developing and adding new pathways a lengthy process, (2) difficulty forming effective and long-lasting relationships with employers, (3) long-standing shortages of teachers for technical courses, and (4) inequitable enrollment in CTE programs. Each of these is described below. Lengthy Development of New Programs of Study The Perkins Act aims to drive quality and improvement in CTE through the provision of highquality programs of study, which are

defined as those that offer consecutive sequences of academic and technical courses that build knowledge, skills, and employability, and that meet the needs of local industry.⁷⁸ While the legislation provides funds for states to develop new clusters, this process is often complicated and lengthy. To begin with, states need to approve new pathways and programs of study before they can be adopted by schools. High-quality CTE pathways generally include alignment with state labor market needs, as well as linkages to postsecondary and workforce opportunities. Creating these programs requires coordination and collaboration across multiple stakeholders, including those from secondary, postsecondary, industry, and economic development.⁷⁹ And while states can incentivize the creation and adoption of new pathways and programs of study through a combination of fiscal support and accountability, it is nonetheless a lengthy process. For example, a case study of five states that received funds to create new green CTE programs of study in 2010 found that all states took several years to move from development to adoption of a single new program of study. While the reasons for the extended timeline varied somewhat across states, complications included time building effective relationships and gaining buy-in across partners from different sectors. A particular challenge was noted with gaining buy-in from upper-level decision makers in order to facilitate agreements around credit transfer, either between postsecondary partners, or for dual-enrollment programs between secondary and postsecondary partners.⁸⁰

Employer Engagement While policy makers have an interest in creating pathways and programs of study that align with local labor market needs, schools and colleges also need to collaborate with industry partners in order to successfully adopt and implement programs. Creating successful labor market-aligned programs requires the active collaboration of employers with educational institutions in order to (1) provide educators with knowledge of the skills needed to fill gaps, and (2) provide students with opportunities to learn skills and form relationships through robust work-based learning experiences. Effective partnerships involve contributions to curriculum development, training for teachers, and support and opportunities for students.⁸¹ However, these collaborations also need to provide clear purpose and return on investment for employers, as well as appropriate levels of engagement for employers of different sizes.⁸² Successful employer engagement can be undermined by the perception of lopsided relationships, in which more emphasis is placed on the benefit to schools and students, while the benefit to employers is less well articulated, or positioned as altruism, rather than as an investment in talent development. ⁸³ For example, in one report on community college and employer partnerships from the Harvard Business Review, community colleges reported a desire to work more closely with employers, but employers reported mistrust in the capacity of community colleges to meet their needs, as well as a belief that it is easier to find talent on the open market than to invest in relationships with colleges even though these relationships can both grow talent, and create more direct employment matches. Overall, the imbalance in perception and investment in mutual benefit has created a scenario in which the current state of collaboration across these sectors is inadequate to meet America's workforce needs.⁸⁴

CTE Teacher Shortages Even if CTE programs of study for climate careers and effective employer engagement can be achieved, there have been long standing shortages of CTE teachers nationally for many years. According to the U.S. Department of Education Teacher Shortage Area database,⁸⁵ in 2019–2020, 30 states reported teacher shortages in at least one area of CTE, and CTE has been considered a critical shortage area by the U.S. Department of Education since 2004.⁸⁶ Part of the reason for the shortage has been an increase in the number of students enrolled in CTE courses, with more than 8 million secondary and 3 million postsecondary students enrolled in at least one CTE course in the 2020–2021 school year.⁸⁷ Other reasons for the shortage include CTE teachers leaving the profession for higher-paying industry jobs, as well as certification laws that make it challenging for mid-career or retired industry professionals to become CTE teachers.⁸⁸ Given the acute demand for workers across the climate workforce, it may be even more difficult for schools to be competitive in trying to hire CTE teachers with industry experience in these fields into the classroom.

Climate Jobs Equity One of the greatest challenges to equity in CTE programming has long

been that students often sort into CTE fields along traditional gender lines. Programs in education and healthcare are disproportionately female-dominated, while programs in engineering, construction, and agriculture are often male-dominated. As is often seen in the labor market as a whole, many of the female-dominated professions are also lower paid. Moreover, one study from the Minnesota Department of Employment and Economic Development found that even when females did concentrate in male-dominated CTE fields in high school, such as construction, seven years after high school they earned an average of \$11,000 less annually than their male counterparts.⁸⁹ Other fields where workers are needed to rapidly address climate issues are also still persistently gender segregated. For example, the solar workforce⁹⁰ is currently just 30 percent female, and the sea faring profession is less than 2 percent female. ⁹¹ These numbers are in contrast to the overall workforce, which is 47 percent female. CTE also continues to struggle with racial disparities in which Black and Latino students are less likely to enroll in STEM CTE courses than their White counterparts.⁹² Additionally, some research suggests that Black and Native American workers live in communities with fewer climate jobs, which could hinder the ability of these communities to benefit from expected growth in the sector.⁹³ Given the specific focus of education on addressing issues of equity, as well as specific provisions in the Perkins Act that incentivize programs that address issues of under-represented workforce populations, CTE programs that receive Perkins funding may be uniquely positioned to address these disparities. Moreover, at least one study found a positive association for females who took engineering CTE in high school being more likely to complete an engineering degree at the Associate's or Bachelor's levels.⁹⁴ The need for skilled workers represents a unique opportunity to broaden the workforce of many historically segregated professions, many of which are well-paid, while also raising the earnings potential for populations that have traditionally been left out of more lucrative careers with long-term growth potential. Broadening the reach of the kinds of students who engage in CTE in high school may be an effective way to increase the overall pipeline of skilled workers into these fields.

RECOMMENDATIONS FOR POLICY AND PRACTICE The suite of federal laws including the IIJA, CHIPS and Science Act, and the IRA together present a once in a lifetime opportunity for the United States to reduce its greenhouse gas emissions on a timeline that can still avoid some of the worst impacts of climate change. But those ambitions could be endangered if the nation does not simultaneously rapidly scale its education and training infrastructure to meet the increasing demand for climate workers facilitated by those bills. Policy makers, educators, and employers have a historic opportunity to meet the moment and help ensure both a more hopeful climate and economically just future. Here are several ways that states and localities can consider investing in expansion and scale-up of CTE programs designed to prepare young people for climate jobs.

1. Invest in programs with an existing evidence base. There is a robust body of evidence about the kinds of programs that support successful outcomes for students in CTE. Rather than seeking to develop new models, states and districts should invest in scaling these models specifically to train students for jobs in the climate workforce. For example, New York State released a Climate Action Plan⁹⁵ in late 2022 that encourages investments in clean energy trainings through models like the P-TECH 9-14 schools, ⁹⁶ which an MDRC evaluation has found to produce promising impacts for students.
2. Create pathways into community colleges and apprenticeships. Many of the most successful secondary programs create links to postsecondary schooling through dual enrollment programs. Since the training needs of the climate-related labor market are so large, opportunities for CTE should be provided at both the high school and community college levels. These programs should be aligned with specific local labor market needs and linked to one another through dual enrollment and aligned pathways opportunities, which have been found to be successful for increasing postsecondary enrollment.
3. Create incentives for educators and employers to work together. While many educators recognize the need to train students for the jobs of the future, they don't always know the skills that are most in demand from employers. And many employers want to work with schools and community colleges, but don't know how. Incentivizing formal partnerships between educators and employers that both help educators evolve their knowledge to be

responsive to changes in technology and in-demand skills could help support teachers in providing cutting-edge knowledge to their students. In addition, employer engagement in providing real-world learning experiences to students through internships, apprenticeships, and other work-based learning opportunities may also help ensure that students enter the labor market with both the skills and experience needed to be ready to begin work after graduation. Creating more tightly coupled alignment across the education and employment spaces to help students more seamlessly enter climate jobs could be a promising way to help close the current skills gap for these jobs.

4. Improve broad climate change and sustainability education. Because of the broad social implications of climate change, training students in the basics of sustainability along with specific climate job skills may be an effective way to change how future workers think about the impact of their careers on the environment. To that end, between 2007 and 2014, the Workforce Innovation and Opportunity Act (WIOA) was amended to provide adult training in climate jobs and skills. One study of those programs found that a foundation course called The Green Generalist adapted existing workforce training skills to focus on issues like conservation of resources and recycling, that employers found valuable and that empowered workers to take initiative in taking green actions both as employees and citizens.⁹⁷ Reviving or building out similar basic sustainability education could be a promising way to shift how people make decisions with environmental impact within their careers.⁹⁸

5. Leverage school infrastructure investments for CTE. The U.S. Department of Energy is currently providing millions of dollars in funding to help schools and districts upgrade the energy efficiency of their buildings and transportation fleets, as well as provide funding for staff members to serve as energy managers.⁹⁹ These infrastructure investments could be paired with training programs for students to learn skills in areas such as solar installation or clean HVAC installation and maintenance.

6. Ensure equity in climate CTE programs. The largest equity divide in CTE has traditionally been the sorting of students into career pathways along traditional gender lines, while many of the most in-demand skills required to transition to a clean energy economy are in high-paying fields that have historically been dominated by males. Communities of color and Indigenous communities are also often the same communities that bear the greatest impacts of climate change.¹⁰⁰ Ensuring that female students and students of color are prepared to take advantage of the economic benefits of the climate workforce could be a win-win for ensuring enough skilled workers are ready to take jobs, while also addressing historic inequities in access to economic opportunity.

7. Create more teacher apprenticeship programs for climate CTE educators. In order for CTE programs to be successful, they need teachers knowledgeable about both industry and teaching. Beginning in 2022, the U.S. Department of Labor endorsed expanding registered apprenticeship programs to the teaching profession as a solution to nationwide teacher shortages. The “earn and learn” models allow people to be paid from day one of the beginning of their teacher training, which makes the teaching profession more accessible to more people. Since then, 10 states have begun utilizing these models to try to increase the teacher pipeline for areas with shortages, including CTE.¹⁰¹ Expanding these programs could be a promising way to address CTE classroom shortages, particularly for teachers in climate-related CTE fields. The opportunities to address climate change while creating millions of good jobs with middle class wages created by recent federal and state laws represents an extraordinary opportunity for the country. Increasing partnerships between school districts, community colleges, and employers, and the growing evidence base on the effectiveness of many different CTE programs to support student success, provides an opportunity to meet employer hiring needs with a generation of diverse, skilled workers while also helping to ensure a more hopeful climate future.

Renewables are possible and uniquely solve warming globally

Burns 18 [(Sean, a visiting assistant professor at The College of William and Mary,) "All the selfish reasons we need an anti-oil foreign policy. It's not just about climate.," USA TODAY 11-29-2018]

As a new U.S. government report shows, climate change will have massive negative effects on our economy and cause significant displacement of Americans. Republicans responded by questioning the science of climate change, or like Sens. Mike Lee and Ben Sasse, claiming that a switch to renewable energy sources would hurt the nation. In fact, a transition to renewable energy is quite feasible. And, separate from its effects on the environment, it would advance long-term U.S. foreign policy interests by undermining the international influence of oil. Climate change is the global challenge of our time. Limiting its effects will require the rapid replacement of carbon-producing fossil fuels with battery-powered vehicles and renewable energy sources. But moving away from carbon-based fuels should not be thought of as a cost that America must pay to help the world. It is, rather, an opportunity to advance U.S. domestic and foreign policy goals. America should pursue an aggressive strategy of rapid decarbonization of the world economy for its own selfish interests. We can't fix climate alone, but others will follow Climate change is a worldwide problem that requires a worldwide solution. Sasse and other Republicans, when they accept climate change exists, argue that the United States cutting emissions won't help because other countries will not follow suit. It is a dubious claim, but it reflects a real concern. In the terms of economic and political theory, climate change is a collective action problem. Everyone will benefit from a reduction in fossil fuel use, but everyone hopes someone else will pay the bulk of the cost. It is easiest to solve a collective action problem when one player is big enough to solve the problem alone and will uniquely benefit from its solution. America is still the world's only superpower. Ending the world's reliance on fossil fuels is in its power and would provide us with unique and individual benefits. America cannot solve climate change alone, but it can unilaterally drive down renewable energy prices so much that it makes sense for most of the world to switch away from hydrocarbons, and it should do so to advance its own interests. Oil and natural gas prop up authoritarian states and create security challenges for our country. Hydrocarbon rentier states — nations such as Saudi Arabia that depend on fossil fuel exports for large portions of their revenue — are less democratic, more corrupt and more wasteful than similar states without oil. Oil creates conflict, which often requires U.S. intervention. And much of the U.S. foreign policy exposure, particularly in the Persian Gulf, is a result of the U.S. desire to protect world oil supplies. Most important, however, is that oil and gas wealth props up and empowers U.S. enemies and force the United States to enable and depend on dubious allies. Fossil fuel wealth and control empower Vladimir Putin's Russia. Iran's government gets most of its revenue from oil exports. And U.S. relationships with Saudi Arabia and the Gulf states have long represented a trade-off between long-term interests in democratization and short-term interests in keeping the oil flowing. America has the power to cripple the oil states while building on its own technological superiority. Renewable energy technology is becoming cheaper at a rapid rate and, as David Roberts at Vox has shown, it can be purposefully sped up. The industrial learning curve measures the price drop that comes with every doubling of production. It is separate from economies of scale and represents learning how to do things better. We have not reached the bottom of the learning curve for solar or wind, and we are not near the bottom for batteries. So no major technological discoveries are required, just practice. Renewable energy will kill fossil fuels soon It costs less in some places to create wind or solar farms than to keep running coal or natural gas plants. We are on the cusp of making electric cars the standard, and they are ultimately cheaper to own than internal combustion vehicles. Buying more of this technology will make the technology even cheaper, leading to a death spiral for fossil fuel prices. The United States should make large investments in buying and deploying renewable energy technology, both at home and abroad, as a means of disempowering oil states and reducing U.S. defensive exposure abroad. It should do so at home by cutting fossil fuel subsidies, creating a much needed next-generation national power grid, and buying electric cars for its vehicle fleets. Abroad it should provide subsidies for developing countries to buy U.S. renewable energy technology. Eventually, a carbon tax on both domestic and imported goods would be beneficial. Most important, the United States should be clear about what it is doing. America should announce that it plans to make oil and

natural gas all but obsolete in the international economy within 20 years. This will have immediate impact on the foreign and domestic affairs of the oil states and reduce potential conflicts over new sources, particularly in the Arctic, Mediterranean and South China Sea. The Montreal Protocol against ozone layer depletion is often cited as a model for climate change mitigation, but it probably would not have happened if the largest producer of ozone-depleting chlorofluorocarbons, DuPont, did not have a replacement product ready or if America had not pushed for the treaty. A U.S. company had the technology and the United States led the change. We need that boldness again. America should lead a world push toward renewable energy, not only to slow climate change but to also disempower its rivals, break free from dubious allies, reduce the number of conflict flashpoints, and increase U.S. technology dominance. It can do so simply by doing what is already in its domestic interests: rapidly scaling up the use of renewable and battery technology, and subsidizing the spread of American technology to the developing world.

Warming causes extinction – nonlinear and unpredictable effects will make human and natural systems inhospitable while increasing escalatory conflicts –only drastic action now solves

Melton 19 [Michelle Melton is a 3L at Harvard Law School. Before law school, she was an associate fellow in the Energy and National Security Program at the Center for Strategic and International Studies, where she focused on climate policy. Climate Change and National Security, Part II: How Big a Threat is the Climate? January 7, 2019. <https://www.lawfareblog.com/climate-change-and-national-security-part-ii-how-big-threat-climate>]

At least until 2050, and possibly for decades after, climate change will remain a creeping threat that will exacerbate and amplify existing, structural global inequalities. While the developed world will be negatively affected by climate change through 2050, the consequences of climate change will be felt most acutely in the developing world. The national security threats posed by climate change to 2050 are likely to differ in degree, not kind, from the kinds of threats already posed by climate change. For the next few decades, climate change will exacerbate humanitarian crises—some of which will result in the deployment of military personnel, as well as material and financial assistance. It will also aggravate natural resource constraints, potentially contributing to political and economic conflict over water, food and energy. The question for the next 30 years is not “can humanity survive as a species with 1.5°C or 2°C of warming,” but, “how much will the existing disparities between the developed and developing world widen, and how long (and how successfully) can these widening political/economic disparities be sustained?” The urgency of the climate threat in the next few decades will depend, to a large degree, on whether and how much the U.S. government perceives a widening of these global inequities as a threat to U.S. national security. By contrast, if emissions continue to creep upward (or if they do not decline rapidly), by 2100 climate-related national security threats could be existential. The question for the next hundred years is not, “are disparities politically and economically manageable?” but, “can the global order, premised on the nation-state system, itself based on territorial sovereignty, survive in a world in which substantial swathes of territory are potentially uninhabitable?” National Security Consequences of Climate Change to 2050 Scientists can predict the consequences of climate change to 2050 with some measure of certainty. (Beyond that date, the pace and magnitude of climate change—and therefore, the national security threat posed by it—depend heavily on the level of emissions in the coming years, as I have explained.) There is relative agreement across modeled climate scenarios that the world will likely warm, on average, at least 1.5°C above pre-industrial levels by about 2050—but perhaps as soon as 2030. This level of warming is likely to occur even if the world succeeds in dramatically reducing greenhouse gas emissions, as even the recent Intergovernmental Panel on Climate Change (IPCC) report implicitly admits. In other words, a certain amount of additional warming—at least 1.5°C, and probably more than that—is presumptively unavoidable. Looking ahead to 2050, it can be said with relative confidence that the national security consequences of climate change will vary in degree, not in kind,

from the national security threats already facing the United States. This is hardly good news. Even small differences in global average temperatures result in significant environmental changes, with attendant social, economic and political consequences. By 2050, climate change will wreak increasing havoc on human and natural systems—predominantly, but not exclusively, in the developing world—with attenuated but profound consequences for national security. In particular, changes in temperature, the hydrological cycle and the ranges of insects will impact food availability and food access in much of the world, increasing food insecurity. Storms, flooding, changes in ocean pH and other climate-linked changes will damage infrastructure and negatively impact labor productivity and economic growth in much of the world. Vector-borne diseases will also become more prevalent, as climate change will expand the geographic range and intensity of transmission of diseases like malaria, West Nile, Zika and dengue fever, and cholera. Rising public health challenges, economic devastation and food insecurity will translate into an increased demand for humanitarian assistance provided by the military, increased migration—especially from tropical and subtropical regions—and geopolitical conflict. Long-term trends such as declining food security, coupled with short-term events like hurricanes, could sustain unprecedented levels of migration. The 2015 refugee crisis in Europe portends the kinds of population movements that will only accelerate in the coming decades: people from Africa, Southwest and South Asia and elsewhere crossing land and water to reach Europe. For the United States, this likely means greater numbers of people seeking entry from both Central America and the Caribbean. Such influxes are not unprecedented, but they are unlikely to abate and could increase in volume over the next few decades, driven in part by climate change-related food insecurity, climate change-related storms and also by economic and political instability. Food insecurity, economic losses and loss of human life are also likely to exacerbate existing political tensions in the developing world, especially in regions with poor governance and/or where the climate is particularly vulnerable to warming (e.g., the Mediterranean basin). While the Arab Spring had many underlying causes, it also coincided with a period of high food prices, which arguably contributed to the protests. In some situations, food insecurity, economic losses and public health crises, combined with weak and ineffectual governance, could precipitate future conflicts of this kind—although it will be difficult to know where and when without more precise local studies of both underlying political dynamics and the regionally-specific impacts of climate change.

2100 and Beyond While the national security impacts of climate change to 2050 are likely to be costly and disruptive for the U.S. military—and devastating for many people around the world—at some point after 2050, if warming continues at its current pace, changes to the climate could fundamentally reshape geopolitics and possibly even the current nation-state basis of the current global order. To be clear, both the ultimate level of warming and its attendant political consequences is highly speculative, for the reasons I explained in my last post. Nonetheless, we do know that the planet is currently on track for at least 3-4°C of warming by 2100. The “known knowns” of higher levels of warming—say, 3°C—are frightening. At that 3°C of warming, for example, scientists project that there will be a nearly 70 percent decline in wheat production in Central America and the Caribbean, 75 percent of the land area in the Middle East and more than 50 percent in South Asia will be affected by highly unusual heat, and sea level rise could displace and imperil the lives hundreds of millions of people, among other consequences. But even higher levels of warming are physically possible within this century. At these levels of warming, some regions of the world would be literally uninhabitable, likely resulting in the depopulation of the tropics, to say nothing of the consequences of sea-level rise for economically important cities such as Amsterdam and New York. Even if newly warmed regions of the far north could theoretically accommodate the resulting migrants, this presumes that the political response to this unprecedented global displacement would be orderly and conflict-free borders on fantasy. The geopolitical consequences of significant levels of warming are severe, but if these changes occur in a linear way, at least there will be time for human systems to adjust. Perhaps more challenging for national security is the possibility that the until-now linear changes give way to abrupt and

irreversible ones. Scientists forecast that, at higher levels of warming—precisely what level is speculative—humanity could trigger catastrophic, abrupt and unavoidable consequences to the ecosystem. The IPCC has considered nine such abrupt changes; one example is the potential shutting down of the Indian summer monsoon. Over a billion people are dependent upon the Indian monsoon, which provides parts of South Asia with about 80 percent of its annual rainfall; relatively minor changes in the monsoon in either direction can cause disasters. In 2010, a wetter monsoon led to the catastrophic flooding in Pakistan, which directly affected 20 million people; a drier monsoon in 2002 led to devastating drought. Studies suggest that the Indian summer monsoon has two stable states: wet (i.e., the current state) and dry (characterized by low precipitation over the subcontinent). At some point, if warming continues, the monsoon could abruptly shift into the second, “dry” state, with catastrophic consequences for over a billion people dependent on monsoon-fed agriculture. The IPCC suggests that such a state-shift is “unlikely”—that is, there is a 10 to 33 percent chance that a state-shift will happen in the 21st century—but scientists also have relatively low confidence in their understanding of the underlying mechanisms in this and other large-scale natural systems. The consequences of abrupt, severe warming for national security are obvious in general, if unclear in the specifics. In 2003, the Defense Department asked a contractor to explore such a scenario. The resulting report outlined the offensive and defensive national security strategies countries may adopt if faced with abrupt climate change, and highlighted the increased risk of inter- and intra-state conflict over natural resources and immigration. Although the report may be off in its imagined timeframe (positing abrupt climate change by 2020), the world it conjures is improbable but not outlandish. If the Indian monsoon were to switch to dry state, and a billion people were suddenly without reliable food sources, for example, it is not clear how the Indian government would react, assuming it would survive in its current form Scientific understanding of the sensitivities in the climate system are far from perfect. It is also possible that emissions will decline more rapidly than anticipated, averting the worst consequences of climate change. But this outcome is far from guaranteed. And even if global emissions decline precipitously, humanity cannot be sure when or whether the planet has crossed a climate tipping point beyond which the incremental nature of the current changes shifts from the current linear, gradual progression to a non-linear and abrupt process. Within the next few decades, the most likely scenario involves manageable, but costly, consequences on infrastructure, food security and natural disasters, which will be borne primarily by the world’s most impoverished citizens and the members of the military who provide them with humanitarian assistance and disaster relief. But while the head-turning national security impacts of climate change are probably several decades away, the nature of the threat is such that waiting until these changes manifest is not a viable option. By the time the climate consequences are severe enough to compel action, there is likely to be little that can be done on human timescales to undo the changes to environmental systems and the human societies dependent upon them.

Negative Evidence

Inflation DA

You will need to find an updated and recent uniqueness card that says squo inflation is under control

A living wage creates an unprecedented inflationary spiral – Wage raises cause price raises which cause wage raises – it's cyclical

Kenton 24 [Will Kenton (Will Kenton is an expert on the economy and investing laws and regulations. He previously held senior editorial roles at Investopedia and Kapitall Wire and holds a MA in Economics from The New School for Social Research and Doctor of Philosophy in English literature from NYU.), "Wage Push Inflation: Definition, Causes, and Examples", 01/05/2024, Investopedia, <https://www.investopedia.com/terms/w/wage-push-inflation.asp#:~:text=Consumers%20have%20more%20spending%20power,goods%20in%20the%20broader%20market.>]

What Is Wage Push Inflation? Wage push inflation is an overall rise in the cost of goods and services that results from a rise in wages. Employers must increase the prices they charge for goods and services to maintain corporate profits after an increase in employee pay. The overall increased cost of goods and services has a circular effect on the wage increase. Higher wages will eventually have to compensate for the increased prices of consumer goods as goods and services in the market overall increase. Wages and salaries in the U.S. increased by 0.8% during one year ending in September 2023, according to the U.S. Bureau of Labor Statistics. 1 KEY TAKEAWAYS Wage push inflation is an overall rise in the cost of goods that results from a rise in wages. Employers must increase the prices they charge for the goods and services they provide to maintain profits after an increase in wages. The increase in wages and the resulting increase in prices create a circular effect on wages. Higher wages are then necessary to compensate for the increased prices of goods and services. Understanding Wage Push Inflation Companies can increase wages for several reasons. The most common is an increase in the minimum wage. The federal and state governments have the power to increase the minimum wage. Consumer goods companies are also known for making incremental wage increases for their workers. These minimum wage increases are a leading factor for wage push inflation. It's highly prevalent with consumer goods companies especially. Its effect is a function of the percentage increase in wages. Industry Factors Industry factors also play a part in driving wage increases. Companies might raise wages to attract talent or provide higher compensation for their workers as an incentive to help business growth if a specific industry were to grow rapidly. All such factors have a wage push inflation effect on the goods and services the company provides. Economists track wages closely because of their wage push inflation effects. Wage push inflation has an inflationary spiral effect that occurs when wages are increased and businesses must charge more for their products or services to pay the higher wages. Any wage increase that occurs will also increase the money supply of consumers. Consumers have more spending power with a higher money supply so the demand for goods increases. An increase in demand then increases the price of goods in the broader market. Companies charge more for their goods to pay higher wages and the higher wages also increase the price of goods in the broader market. The wage increase is not as helpful to employees as the cost of goods and services rises at the companies that are paying higher wages and in the broader market overall because the cost of goods in the market has also risen. Workers eventually require another wage increase to compensate for the cost of living increase if prices remain high. The percentage increase in wages and prices and their overall effect on the market are key factors driving inflation in the economy. Example of Wage Push Inflation A company must pay its employees \$20 if a state raises the minimum wage from \$15 to \$20 as occurred in 2024 when 22 states increased their minimum wages in January. 2 Now its cost of producing its goods and services has gone up because its cost of labor is now more expensive. The District of Columbia has the top minimum wage of \$17 an hour as of Jan. 1, 2024. 3 The company must increase the prices of its products on the market

to compensate for the increase in costs. But the initial \$5 raise in wages isn't enough to propel a consumer's purchasing power because goods and services have become more expensive. The wage must therefore be raised again, causing an inflationary spiral. Why Do Wage Increases Cause Inflation? Wage increases cause inflation because the cost of producing goods and services goes up as companies pay their employees more. Companies must charge more for their goods and services to maintain the same level of profitability to make up for the increase in cost. The increase in the prices of goods and services is inflation. What Is an Inflation Target? Governments typically set an inflation target, which is approximately 2% a year in the U.S. An inflation target allows businesses and individuals to budget for the future. It provides an indicator for companies on how much to pay their employees and how much to charge for their goods and services. It indicates to individuals how much they can expect in wages as well as how much goods and services will cost. 4 How Does Inflation Impact the Value of Money? Inflation reduces the future value of current money. The value of a dollar today is worth less than it will be in the future because prices go up. The same dollar today will be able to buy fewer goods and services in future years. Money is always worth more now than it is in the future, particularly due to the investment capability of money. The Bottom Line Employers are forced to respond when governments order wage increases for their workers. They require more income to comfortably accommodate those extra wages so they tend to increase the pricing of their products and services. This isn't just the result of legislation. Companies can voluntarily decide to pay their employees more for several reasons. The result is wage push inflation.

Wages are the BIGGEST contributor to inflation

Renkin Et al 20 Tobias Renkin, Claire Montialoux, Michael Siegenthaler 09-25-2020, "", Berkeley Public Policy, https://gspp.berkeley.edu/assets/uploads/research/pdf/The_Pass-Through_of_Minimum_Wages_into_US_Retail_Price.pdf

Our findings can be summarized by three key results. First, the minimum wage elasticity of prices is about 0.036. This means that the average minimum wage increase from 2001 to 2012 (+20%) raises prices by 0.72%, i.e. that inflation more than doubles around the minimum wage hike. Our results are consistent with a full pass-through of cost increases to consumers. Second, we find that the response to minimum wage increases happens around the time of passage of legislation, rather than at the time of implementation of hikes. This result suggests that grocery stores set their prices in a forward-looking manner. The price increase occurs mostly through an increase in the frequency of price increases, consistent with menu cost models. Third, we show that prices rise as much for low-, medium- and high-income households. Since groceries make a larger share of low-income households' budgets, low-income households are hit the most by price increases. For households with income below \$10,000, the annual costs associated with a \$1 minimum wage increase is \$19. Overall, consumers rather than firms seem to bear the cost of minimum wage increases in the retail sector

Any increase in price leads to a wage price spiral

Zahn 22 [(Max Zahn is a Business and Tech supporter at ABC news) 12/9/2022, ABC News, "Why the jobs boom could worsen inflation and help trigger a recession," <https://abcnews.go.com/Business/jobs-boom-worsen-inflation-trigger-recession/story?id=94769664>]

When facing high inflation, policymakers ultimately fear what's referred to as a price-wage spiral, in which a rise in prices prompts workers to demand raises that help them afford goods, which in turn pushes up prices, leading to a self-perpetuating cycle of runaway inflation. "Inflation is like a cancer where if you don't derail it, it can become a fatal problem," Diane Swonk, the chief economist at KPMG, told ABC News. Interest rate hikes could plunge the economy into a recession Seeing a relatively small workforce and strong wage growth, the Federal Reserve will likely continue its series of rate hikes to ward off a worst-case scenario of spiraling price increases, economists said. While preventing a

prolonged bout of inflation last seen in the 1980s, the continued interest rate hikes will put further brakes on the economy and increase the likelihood of a recession, they added. "When the Fed comes in with higher rates, it takes the punch bowl away and the party is over," said Bovino, of S&P Global. "If the Fed has to ramp up rates even higher because of wage pressures feeding into other areas, the Fed takes the punch bowl and smashes it to the ground." MORE: New York Times reporters and other staff stage 24-hour strike So far, the hiring boom has withstood the Fed's effort to slow the economy. But the job market has shown signs of wobbling, such as a string of layoffs in the tech sector that has struck stalwarts like Amazon and Facebook-parent Meta. As the economy slows, wage growth will cool and more workers will lose their jobs, but the economy will avert a more debilitating downturn, said Swonk, of KPMG. Eventually, inflation will fall to a rate below that of wage growth, no longer eating away at workers' income, she added. "Unemployment will rise a bit – that's a hard thing, no question about it," Swonk said. "But it is better to eradicate the risk that this inflation metastasizes and we have to take a much more severe scarring, a deep and disruptive recession."

Rapid inflation triggers war and escalates every hotspot

Brands '22 [Hal Brands, Bloomberg Opinion columnist and the Henry Kissinger Distinguished Professor at Johns Hopkins University's School of Advanced International Studies, "Inflation's Biggest Risk Is Geopolitical Unrest," <https://www.bloomberg.com/opinion/articles/2022-01-20/inflation-s-biggest-risk-is-geopolitical-unrest?embedded-checkout=true>]

Inflation isn't just a domestic problem. Sure, year-on-year inflation hitting 7%, the highest rate in four decades, is threatening to derail Joe Biden's presidency. As my Bloomberg colleague John Authers has written, the inflationary trend appears broad and durable. Yet now as before, inflation is a geopolitical phenomenon, which is rooted partly in rising global tensions and could have deeply corrosive effects on the U.S.-led world order. That's what happened the last time the U.S. faced this problem, from the late 1960s to the early 1980s. "To all Americans," Ronald Reagan said while running for president in 1980, inflation had become "something as violent as a mugger, as frightening as an armed robber and as deadly as a hit man." The causes were closely tied to global affairs. In the late 1960s, the combined costs of the Vietnam War and President Lyndon B. Johnson's Great Society programs sent prices rising. In the 1970s, the chief drivers were soaring energy costs and supply disruptions caused by the Yom Kippur War of 1973 and then the Iranian revolution of 1978-1979. It was a vicious cycle: Geopolitical upheaval caused economic upheaval, which then added to the underlying global instability. High oil costs and scarce supplies caused ruptures within the democratic world, as Japan, France and other U.S. allies scrambled to cut bilateral deals with oil producers. Inflation ate away at an American defense budget that was already falling as a result of post-Vietnam retrenchment. Secretary of State Henry Kissinger worried that economic chaos might destabilize the Western world. It certainly contributed to a general malaise in America and other advanced democracies, feeding fears that the Soviet Union — then benefitting from record oil prices — might win the Cold War after all. "Can Capitalism Survive?" Time magazine famously asked in 1975. Only when the Federal Reserve finally broke the inflationary cycle with bone-crushing interest rates did the U.S. regain its geopolitical footing. Today, rising energy costs are again pushing prices higher. The messy divorce of economies between the U.S. and China is disrupting supply chains and generating inflationary pressure. The economic messiness provoked by another geopolitical breakup — Brexit — isn't helping matters. Not least, the inflation surge has resulted from the massive stimulus that governments pumped into their economies in response to Covid, the greatest global crisis of this century. In countries where there is lots of revolutionary kindling, inflation can provide the fatal spark. Historically, rising prices contributed to political upheavals such as the French Revolution, which touched off a quarter-century of war in Europe, and the Arab Spring, whose effects are still roiling the Middle East. This month, a doubling of fuel prices triggered protests, revolt and then Russian-backed repression in Kazakhstan. There's probably more of this to come. In late 2021, the Food and Agriculture Organization at the United Nations reported that global food prices had

reached their highest point in a decade. Look out for geo-economic turbulence, as well. Argentina, the European Union, Russia and other countries have restricted the export of commodities such as grain to keep domestic food prices manageable. If Washington ratchets up interest rates to tame rising prices, it could unintentionally batter deeply indebted countries that have already lost years, even decades, of economic progress due to Covid. Indeed, when the Fed slayed inflation in the early 1980s, a decade-long Latin American debt crisis was part of the collateral damage. Finally, there is the question of what will happen to the U.S. Biden isn't entirely wrong to argue that inflation is actually a sign of strength: The U.S. economy rebounded quickly from Covid, fueling demand that is outstripping supply. Yet inflation is rarely a good-news story. Inflation is psychologically demoralizing because it makes growth meaningless, and stagnation crippling, for people whose real wages are in decline. It fosters a sense that the people are victims of forces that their leaders cannot control. It gives credence to arguments that America's true problems are at home, rather than abroad, and thus threatens to create a more distracted, inward-looking superpower just as global threats are intensifying. The damage isn't hypothetical: As John Ferrari of the American Enterprise Institute points out, the U.S. defense budget is already at risk of being strangled by the "inflation anaconda." The 5% bump that Congress approved for the Pentagon this year sounds impressive, but only until one considers that inflation is running at 7% and the military is particularly exposed to rising costs for energy and materials such as steel. As inflation builds up, Pentagon is forced to build down — just as China is racing to expand its military capabilities, Russia is threatening a major conflict in Eastern Europe and relations with Iran deteriorate. The Biden administration appears to be recognizing, perhaps belatedly, that rising prices pose a severe threat to its domestic agenda and political fortunes. Inflation may also have nasty geopolitical effects in a world that hardly seemed stable before.

Inflation causes trade weaponization and great-power re-organization that escalates

Julius 23 [Dame DeAnne Julius DCMG, CBE, Senior Adviser, and Distinguished Fellow, Global Economy and Finance Programme at Chatham House. PhD in Economics from the University of California. "Where might high inflation lead to? Economic warfare" Last updated 1/17/2023. Accessed 6/18/2024. <https://www.chathamhouse.org/publications/the-world-today/2022-10/where-might-high-inflation-lead-economic-warfare>]

Higher wages translate into higher costs for companies which, in turn, leads them to raise prices further as they attempt to remain profitable or at least break even. Wages make up more than half of total costs in the hospitality, food service and retail sectors where profit margins are already low. It is the job of central banks to halt such a wage-price spiral before it gets out of hand. Raising interest rates is their main tool to do so, which is why Jay Powell, the US Federal Reserve chairman, promises to 'keep at it' until inflation comes down to the US target of 2 per cent on the Fed's preferred measure of inflation, the core Personal Consumption Expenditure, which rose by 4.6 per cent in August. This could mean much higher interest rates will be needed, both in the US and elsewhere. A new era of economic fragmentation The Russian invasion has dramatically changed the geopolitical backdrop. We may be entering a new era of economic fragmentation, reversing four decades of globalization that brought lower production costs for businesses from off-shoring, lower prices for consumers from cheaper imported goods and higher incomes in many developing countries from new jobs in manufacturing goods for export, with China a key player. All of these effects kept a lid on prices through global competition. Now the debate about temporary versus long-lasting inflation must reflect the weaponizing of trade and finance to disrupt past patterns of production and exchange. The political rift between the US and China that developed under the Trump administration resulted in trade tariffs and restrictions on cross-border sales of semi-conductors and other high-tech equipment. The rift deepened under President Biden with bans on US companies to prevent them selling chips to China and the threat of delisting Chinese companies from the US stock market. Then the invasion of Ukraine brought a raft of economic sanctions against Russia including freezing the foreign exchange reserves of its central bank and the assets of some Russian companies and individuals. We may be in the foothills of an economic

war between the great powers. The deeper 'no-limits friendship' proclaimed by Vladimir Putin and Xi Jinping presents a potent threat to an integrated world economy. Despite their chequered history, Russia and China perceive a common enemy in the West and share a resentment of being treated without the respect they feel they deserve. China and Russia's weak economic models There is also a natural complementarity in their two economies. Russia has the energy and natural resources that China needs; while China has the technology and industrial know-how Russia lacks. Trade between the two has jumped with increased Russian oil exports to China, partly offsetting Russia's loss of European markets due to sanctions. The two have also agreed to use their domestic currencies to pay for trade, rather than the dollar. In addition, they are both autocratic regimes capable of controlling their domestic narratives and suppressing dissent. This provides a powerful base for propaganda and paranoia that can lead to irrational policy and a tit-for-tat escalation of disputes. A chaotic period of economic disruptions and resulting inflation spikes is not certain. Both Russia and China have weaknesses in their economic models. The Russian state is heavily dependent on energy exports which themselves are vulnerable to curtailed western demand, to the lack of western equipment and expertise and to the accelerated investment by others in renewable energy alternatives. China's long period of rapid economic growth is staggering to a halt from its zero-tolerance policy towards Covid, while there is no sign of an exit strategy. Meanwhile the property sector is in free fall and the many foreign enterprises that set up manufacturing in China, bringing skills and technology as well as money, have begun to relocate to India, Vietnam, Singapore and other more predictable business environments. Both countries suffer from shrinking labour forces and growing numbers of retirees needing healthcare and income support. The incompatible reordering of global alliances The West too faces challenges, including destabilizing threats to its democracies from populist political parties. The relative predictability of the post-Second World War era has been shaken by the global pandemic, geopolitical incursions and extreme climate events. Instead of cooperative attempts to tackle such issues, they have led to a re-ordering of global alliances with incompatible narratives and increasing barriers and sanctions. This changing international environment means that the debate about inflation – its causes and possible persistence – is no longer just about economics and central banking. It reflects the complexity of today's interconnected world and the tectonic shifts in great power rivalry.

Inflationary spiral wrecks dollar hegemony

Brown 21 [Brendan Brown (Senior Fellow, Hudson Institute and Founding Partner, Macro Hedge Advisors LLP, London, UK) , "A 100 Years of Dollar Hegemony", 2/1/21, Springer Nature, <https://doi.org/10.1007/s11293-020-09693-z>]

In today's world, major currencies float against the U.S. dollar. What does dollar hegemony mean here? First, monetary authorities around the world are sensitive to the course of their exchange rate against the dollar. If the pursuit of their national monetary policy goes along with an exchange rate fluctuation that causes considerable stress to a politically important group within their country, then they would bend so as to alleviate conditions. In this sense, the national monetary authority has limited scope to pursue a monetary policy stance divergent to that of the U.S. Second, U.S. monetary policy is a determinant of speculative temperature around the globe. If the Federal Reserve is pursuing monetary inflation that features strong asset inflation, this can also have profound effects on asset markets throughout the non-dollar world. Widespread corruption of asset-market-price signalling means coping with considerable malinvestment globally, not just in the U.S. Foreign monetary authorities could try to shelter their economies from this speculative tide by tightening domestic monetary conditions and allowing their currencies to rise sky high in the short run. However, there are strong political forces which would work against that. Rather than accept a perhaps lengthy contraction of the traded goods and services sector as a cost of the defence effort against the U.S. monetary menace, why not bend domestic monetary conditions in the inflationary direction of the Federal Reserve? The ultimate basis of

the dollar hegemony and the related predominance of the dollar's role as an international money as described here is the size of the U.S. economy, relative confidence in U.S. monetary authorities, and the depth and liquidity of U.S. asset markets.

Competitiveness DA

The US economy is strong and competitive now—great for international investment

Karma 24 [Rogé Karma. The U.S. Economy reaches superstar status. 6/10/24. <https://www.theatlantic.com/ideas/archive/2024/06/us-economy-excellent/678630/>]

If the United States' economy were an athlete, right now it would be peak LeBron James. If it were a pop star, it would be peak Taylor Swift. Four years ago, the pandemic temporarily brought much of the world economy to a halt. Since then, America's economic performance has left other countries in the dust and even broken some of its own records. The growth rate is high, the unemployment rate is at historic lows, household wealth is surging, and wages are rising faster than costs, especially for the working class. There are many ways to define a good economy. America is in tremendous shape according to just about any of them.

Globalization means wage increases wreck international competitiveness because investment relies on low wages. Increasing the financial burden on potential companies instead of the government means business invest elsewhere

Ofek-Ghendler 09 [Hani Ofek-Ghendler, LL.D., The Hebrew University, Jerusalem, "Globalization and Social Justice: The Right to Minimum Wage," Law & Ethics of Human Rights, Volume 3, Issue 2, 2009, <http://www.clb.ac.il/uploads/Ofek-Ghendler.pdf>]

Indeed, minimum wage was particularly damaged by the forces of globalization, and what is commonly known as "the race to the bottom." The growing strength of new players in the economic arena, transnational corporations, explain the increase in economic competition over capital, and weakening of the mechanisms for international cooperation within the context of the right to minimum wage. These players are not identified with a particular state since their operations are dispersed around different branches throughout the world, largely as the result of technological developments, particularly the development of transport and communications. The increasing mobility of these players requires states to compete over investors, leading to a race to the bottom of labor standards. This is not necessarily expressed in the reduction of the nominal rate of the right to minimum wage, but rather in the absence of proper, acceptable updates in the wage in order to protect its realistic value over time and by difficulties to enforce state regulations.² This race to the bottom, and the constant threat of capital migrating to competing states, resulted in the transformation of the right to minimum wage that meets the interests of commercial corporations, reflecting the need of states to reduce the minimum wage as one of the bargaining chips employed in international competition. The strength of transnational corporations and the weakness of states are evident in this process.³ Cooperation among states has also become increasingly difficult, which requires a broad level of agreement among individual nations. Such agreement has not been consolidated and many countries are opposed to any increase in minimum wage in their territory due to a variety of reasons, whether because of the significant financial burden this would impose on the government (as an employer) or because of the fear of capital fleeing to a competitor state. The lack of such agreement is one of the reasons for the neglect of the protection of the right to minimum wage in international law, as I demonstrate below.

Economic competitiveness is key to geopolitical stability.

Jaeger 22 [Dr. Markus Jaeger, "The Economics of Great Power Competition", 05/02/2022, German Council on Foreign Relations, <https://dgap.org/en/research/publications/economics-great-power-competition>]

Economic might is the foundation of political and military power. It is also a prerequisite for engaging in successful long-term geopolitical competition. Paul Kennedy and Robert Gilpin have famously argued that shifting economic fortunes underpin the rise and fall of great powers. The economically stronger or

ascendant power, or alliance of powers, emerges victorious, often but not always in the wake of a 'hegemonic war.' Anecdotal evidence suggests that more forceful military mobilization or more innovative military tactics may confer a temporary advantage, but rarely translate into strategic victory. How do the US-led alliances on the one hand and China and Russia on the other hand compare in terms of economic power? At present, the aggregate economic resources of the United States and its allies outstrip the combined resources of China and Russia. But the current and prospective 'balance of economic resources' is much more favorable for the status quo powers in Europe than in Asia. The economies of European NATO members are five times larger than Russia's, and even prior to the imposition of the war-related sanctions, the Russian economy was already stagnating. Its long-term growth outlook is weak, given its demographics, dependence on natural resource exports, and uncompetitive domestic markets. Russia will be lucky if its growth rate matches that of low-growth major European economies like France and Germany, especially if the substantial one-off drop due to sanctions is taken into account. In Asia, however, the aggregate economic size of the US-led alliances exceeds China's by a far smaller margin. The Chinese economy is also growing much faster. Under reasonable assumptions, it will be twice as large as the US economy by the middle of this century. It will then exceed the combined economic size of the United States and its regional allies. These are baseline projections, and it is worth noting that significant risks attach to China's future growth trajectory, much more than to the outlook of the mature, lower-growth advanced economies of the United States and allies. Chinese growth has averaged nearly ten percent a year since its economic opening in the late 1970s. More recently, trend growth has dropped closer to six percent and is set to decline further. China's official 2022 target is five and a half percent. By comparison, the present US growth potential is estimated to be around two percent or less. China certainly has sufficient savings to finance capital accumulation. But this is of little use if not enough profitable investment opportunities can be identified. Doubling down on infrastructure investment will only lead to excess debt accumulation and raises the risk of a financial and economic crisis. Rapidly deteriorating demographics, a declining catch-up growth potential, and the so-called middle-income trap represent considerable risks to China's economic outlook. So-called economic rebalancing to make growth more sustainable is proving challenging. Nevertheless, in all reasonable scenarios, Chinese economic growth will exceed American growth. The Chinese economy will therefore continue to pull ahead of the American economy. This will allow China to increase defense expenditure far more rapidly than the United States and its allies, while keeping it stable as a share of GDP and thereby limiting the resource drain on the economy. China's increasing economic might will force the United States to mobilize and allocate greater resources to Asia. With Chinese capabilities focused on Asia, the United States – which deploys its military assets globally – will face an increasingly difficult strategic challenge. As a result, America's European allies will need to take greater responsibility for European defense.

Elections DA Links

Check out Kankee's brief on Elections DA resources for more cards – we didn't want to give you more cards for what you already can access!

Swing voters think that wage increases will wreck the economy

Perano 21 [Ursula Perano, "Focus group: \$15 minimum wage is a flop with swing voters", 02/11/2021, Axios, <https://www.axios.com/2021/02/11/15-dollar-minimum-wage-biden-focus-group>]

Some swing voters have deep reservations about raising the federal minimum wage to \$15 an hour, worried that the impacts on employers or inflation may outweigh benefits to individual workers. Why it matters: President Biden and most congressional Democrats support the increase and favor its inclusion in the next coronavirus stimulus. But Biden said last week it may face too much resistance to make it into this round. These voters who switched from Donald Trump in 2016 to Biden in 2020 help explain why. This was the biggest takeaway from our latest Engagious/Schlesinger swing-voter focus groups on governance in the Biden era. Two panels of seven voters each were conducted on Feb. 9, hours after the start of the Senate trial for former President Trump's second impeachment. A striking 13 out of 14 participants said \$15 an hour is too high, favoring a rate between \$9 and \$12. The current federal minimum wage of \$7.25 an hour was set in 2009. While focus groups are not statistically significant samples like polls, the responses show how some voters in crucial states are thinking and talking about national priorities. What they're saying: Dixie T. from Michigan insisted a \$15 minimum wage would cause the cost of living to spike: "Everything is going to be more money — housing, food, you name it." "It was part of a COVID bill; I'm not sure how it's directly related to this COVID issue," said Jim S. from Pennsylvania.

The economy is the most important issue for key swing voters. Short term damage now solidifies a Trump term

Blank 24 [Lew Blank 5-30-2024 "Measuring the Swing: Evaluating the Key Voters of 2024", Data For Progress, <https://www.dataforprogress.org/insights/2024/5/30/measuring-the-swing-evaluating-the-key-voters-of-2024>]

Their focus is on the economy. To the extent they do care about politics, it is focused heavily on the economy, with a plurality (33%) ranking it as their top issue in the 2024 election. Swing voters say they want Biden to take more action — not less. Sixty-one percent say that "Biden needs to take more action to solve our country's problems" (compared with 49% of likely voters overall), while 22% say that "Biden has taken too much action that has made our country's problems worse." Swing voters' main concern is Biden's age and ability to handle the job — not his ideology. Swing voters select Biden being too old (55%) and being incompetent (40%) as reasons they might not vote for him. Ideological concerns do not rise to the top: Only 16% select "Biden is too liberal" and only 5% select "Biden is too conservative." That said, swing voters are more concerned about Trump's criminal charges and threats to democracy (48%) than Biden's age and mental and physical health (41%). Swing voters trust Trump more than Biden on the economy, immigration, and foreign policy. Biden holds an edge on other key issues including abortion, health care, and climate change. However, swing voters say they're not sure whom they trust more on these issues at a higher rate than likely voters overall. There is no evidence that a rightward ideological pivot would solve Biden's problems with swing voters. The top two policies that swing voters say would make them vote for Biden are left-leaning economic policies — raising taxes on the wealthy (23%) and raising the minimum wage to \$15 per hour (18%) — while the third-most cited is increasing border security (17%). Lower-ranked policies are a mix of left- and right-coded issues, including

extending the Child Tax Credit, increasing oil drilling, conditioning military aid to Israel, adding work requirements to SNAP, legalizing marijuana, and increasing funding for police officers. Methodology: A New Approach to Identifying Swing Voters The 2024 presidential election is unique in several ways. For one, it is a rematch of the 2020 election, the first presidential rematch of its kind since 1956, and this time it's between a current and former president. The two leading candidates have nearly universal name recognition, but they are also both relatively unpopular with voters, and there are also several third-party candidates running who are capturing a higher portion of the vote than they did in the previous election cycle. Given this dynamic, there are various types of swing voters in the 2024 election: Biden 2020 and Trump 2020 voters who are now considering voting third-party or for the other major party's candidate, voters who say they're undecided about whom they'll vote for, and new or first-time voters who are weighing multiple options, among others. Our scoring method captures various types of swing voters by identifying respondents who show a consistent swing pattern across multiple indicators. In recent years, analysts have used various methodologies to identify swing voters, including vote-switchers (Biden-to-Trump or Trump-to-Biden), undecided voters, and those who report similar favorability ratings toward the major candidates. Each of these indicators is useful, but they all have limitations when solely relied on to determine the swing voters of the 2024 election. Below, we discuss how each of these indicators can exclude voters who should be classified as swing voters (false negatives), and may include voters who are actually set on their vote choice (false positives). Looking exclusively at those who switch their vote from Biden in 2020 to Trump in 2024 (or vice versa), without also considering other swing indicators, is limiting. This methodology does not include Biden or Trump voters who are now choosing a third-party candidate, Biden or Trump voters who say they are undecided this time around, or new or first-time voters. This methodology also includes vote-switchers who are not necessarily persuadable swing voters, such as voters who say they picked Biden or Trump in 2020 but say they are "definitely" voting for the opposite candidate this year. Looking exclusively at voters who say they are "undecided" about whom they will vote for is also limiting because it does not account for voters who currently lean toward one candidate or the other, but could still change their minds. Additionally, "double haters" — voters who say they are unfavorable of both Biden and Trump — are not fully representative of swing voters on their own. Voters across party lines have expressed dissatisfaction with both major candidates, and about 1 in 3 voters indicate that their vote this year is driven by opposition to the other candidate, rather than approval of the candidate they support. As a result, many voters may be unfavorable of Biden or Trump but are still certain they will vote for them. To address the limitations and gaps in these individual metrics, we found that looking at a respondent's cumulative pattern of responses was most effective at identifying various types of swing voters for the 2024 presidential election. Our Scoring Method From April 19 to May 4, 2024, Data for Progress conducted 4,923 respondent interviews of U.S. likely voters nationally using web panel respondents pooled over four surveys. The sample was weighted to be representative of likely voters by age, gender, education, race, geography, and voting history. The surveys were conducted in English. In our surveys, we asked respondents various questions to create our scoring method. These include: Whom a respondent voted for in the 2020 presidential election; Whom a respondent would vote for in a two-way 2024 race between Biden and Trump; Whom a respondent would vote for in a six-way 2024 race between Biden, Trump, Libertarian candidate Chase Oliver, Green Party candidate Jill Stein, and Independents Robert F. Kennedy Jr. and Cornel West; Whom a respondent would vote for in a generic congressional race between an unnamed Democrat and Republican; A respondent's levels of favorability for Biden and Trump on a five-point scale; A respondent's level of approval for Biden's job performance

on a five-point scale; and Whether a respondent says they are considering Biden, Trump, a third-party candidate, and/or not voting in 2024. If a respondent meets three of the four indicators below, they are considered a swing voter. (We found that requiring all four indicators to be met was overly restrictive, capturing too few respondents, while requiring just two of the four to be met was overly inclusive, capturing too many). Their vote choices between 2020 vote recall, the 2024 two-way ballot, and the 2024 six-way ballot are not consistent. Their vote choices between the 2024 two-way ballot, the 2024 six-way ballot, and generic congressional ballot are not all consistent. They report similar ratings for Biden favorability and Trump favorability, or for Biden job approval and Trump favorability. They say they are considering at least two options in 2024 (Biden, Trump, third-party, not voting). As additional controls, we also exclude all voters who say they are "definitely" voting for a certain candidate on the six-way ballot, along with voters who say they will "definitely not vote" at all in the 2024 presidential election. When applied to four pooled surveys from April 19 to May 4, 2024, this methodology produces a sample of 690 likely voters (14% of the total likely voter sample).

Demographics and Ideology: Who Swing Voters Are

Demographics

A clear pattern of swing voters is that they are younger than likely voters overall. Nearly half (43%) are under 45 — a 10-point increase compared with likely voters overall (33%), echoing a pattern also found in analyses of swing voters prior to the 2020 election. Swing voters are also more racially diverse. Only 62% are white, compared with 71% of likely voters overall. They also include a higher percentage of women (60%) than likely voters overall (53%).

Political Engagement

Consistently, swing voters are less interested in politics than all likely voters. Only 26% of swing voters say they pay "a great deal" or "a lot" of attention to national politics, compared with 43% of likely voters overall.

Partisanship and Ideology

Compared with likely voters overall, a higher percentage of swing voters are true Independents who do not lean toward either party. One-quarter (25%) are true Independents with no lean, compared with just 10% of likely voters overall. Within the swing voter sample, 43% identify as a Democrat or as an Independent who leans toward Democrats, while 31% identify as a Republican or as an Independent who leans toward Republicans. On a five-point scale (from "very liberal" to "very conservative"), swing voters identify as moderate at a higher rate than all likely voters: 23% say they're liberal, 53% say they're moderate, and 24% say they're conservative. Among likely voters overall, 27% say they're liberal, 36% say they're moderate, and 37% say they're conservative. In a separate ideology question, respondents were presented with various ideologies and asked to select all that apply to them. Of all the options listed, swing voters are most likely to pick "moderate" (37%), followed by "pro-choice" (33%), "conservative" (25%), "liberal" (19%), and "environmentalist" (18%).

Stances on Economic and Social Issues

While many swing voters embrace a "moderate" label, they tend to favor liberal positions on economic and social issues. A majority (60%) think the U.S. should increase spending on social programs and increase taxes on businesses and wealthy Americans, while 23% think the U.S. should cut taxes and spending. This is in line with the opinion of likely voters overall. A majority (52%) of swing voters also say they favor accepting non-traditional values and embracing diversity and inclusion efforts, while 27% favor a restrictive approach to non-traditional values and diversity and inclusion efforts. Swing voters choose a conservative approach to social issues at a rate that is 8 points lower than likely voters overall, but they also indicate higher "don't know" rates for this question (20% vs. 14% overall).

Views on Key Issues

Top Issues

Swing voters cite the "economy, jobs, and inflation" as their top issue when deciding whom to vote for in the 2024 election. One-third (33%) select this as their top priority, compared with 27% of likely voters overall. This issue dominates all others for swing voters: The second-most selected issue, "programs like Social Security and Medicare," is selected by 9% of voters, followed by 8% who select immigration and

7% who select government spending. Of the swing voters who select “economy, jobs, and inflation” as their top issue, when asked to choose which economic issue is most important to them, 55% select inflation, 15% select economic growth, 10% select “creating more good paying jobs,” and 8% select wages. And of the swing voters who specifically prioritize inflation, 62% say they are most concerned about the cost of food and groceries, while 18% say the cost of rent or home prices, 5% select the cost of gas, and 5% choose the cost of utilities and home energy prices. The largest gap between swing voters and all likely voters exists on the issue of immigration: 15% of all likely voters say this is their top issue (primarily due to higher numbers among Republicans), compared with 8% of swing voters. A key theme for swing voters is that they think Biden needs to take more action to solve the country’s problems. Overall, 49% of likely voters say that “Biden needs to take more action to solve our country’s problems.” Among swing voters, this rises to 61%. Compared with likely voters overall, a significantly smaller percentage of swing voters say that Biden has taken enough action (7% vs. 20%), and fewer swing voters say that “Biden has taken too much action that has made our country’s problems worse” (22% vs. 26%). Trust of Biden vs. Trump on Key Issues On the issue that’s most important to them — the economy — swing voters (like voters overall) are more trusting of Trump. Swing voters trust Trump more than Biden on inflation (+20-point Trump advantage) and jobs and the economy (+15-point Trump advantage). Trump also outperforms Biden on immigration (+15-point Trump advantage), national security and foreign policy (+10-point Trump advantage), and crime and public safety (+9-point Trump advantage). However, Biden holds a significant edge over Trump on other issues. These include LGBTQ+ issues (+32-point Biden advantage), climate change and the environment (+32-point Biden advantage), race relations (+27-point Biden advantage), abortion (+23-point Biden advantage), health care (+21-point Biden advantage), and programs like Social Security and Medicare (+20-point Biden advantage). The candidates perform similarly on threats to democracy (+5-point Biden advantage), improving America’s image on the global stage (+3-point Biden advantage), and gun policy (+1-point Trump advantage). On all of these measures, swing voters are less certain than likely voters overall in whom they trust to handle each major issue. In most cases, about three times as many swing voters say they are not sure whom they trust more compared with likely voters overall, who report an average “don’t know” rate of 14%.

Wage Subsidies CP

TEXT: The United States ought to create a wage subsidy equal to the difference between a workers' current wage and the aff's proposed living wage that is distributed as a fraction of each paycheck.

Jaywork 14 [Casey Jaywork. Wage subsidy outsmarts a \$15 Minimum. <http://www.capitolhilltimes.com/2014/01/wage-subsidy-outsmarts-15-minimum/>]

Thanks to mass protests by fast-food workers and the activism of recently-elected Seattle City Councilmember Kshama Sawant, a socialist, a \$15 minimum wage is on its way to Seattle. The increase is embraced by Mayor Murray and virtually all councilmembers. And if the council doesn't mandate it first, Sawant swears to push the minimum wage increase through via public referendum this November. There's little question that a \$15 minimum wage, by supporting workers and increasing consumption, is preferable to the current state of affairs. But while wealth should be redistributed to the working poor (or, as Marxists have it, returned), I argue that a wage subsidy is a more elegant method. Essentially, it's a negative income tax administered via wages rather than via tax forms. According to Edmund Phelps, who received a Nobel Prize in Economic Sciences, wage subsidies "bid up the wages of low-wage people, and that same bidding for more low-wage people in the labor market would pull up their employment too." Coupled with increased tax revenues from employers, it would accomplish the same goal as a minimum wage, but more effectively. Another Nobel Prize-winning economist, Milton Friedman, developed the negative income tax as an alternative to traditional welfare. Rather than deliver welfare assistance piecemeal by bureaucracies, Friedman advocated a simple cash subsidy to the poor, on the theory that they know best how to spend it. A version of the negative income tax already exists in the form of the federal Earned Income Tax Credit, which is widely endorsed by economists of all stripes. A wage subsidy would improve on the Earned Income Tax Credit by replacing the red tape of tax forms with automatic distribution via wages. Just as the federal government removes a fraction from each paycheck for Social Security, the Seattle government could add a fraction to each paycheck as a wage subsidy, requiring no additional paperwork for employees.

The counterplan is mutually exclusive with the affirmative; it makes up the difference between current wages and the Affs proposed increase. A permutation means there is no difference in wages and no subsidy will be distributed.

Wage subsidies don't cause unemployment

Jaywork 14 [Casey Jaywork. Wage subsidy outsmarts a \$15 Minimum. <http://www.capitolhilltimes.com/2014/01/wage-subsidy-outsmarts-15-minimum/>]

A wage subsidy would also circumvent one of the strongest (logical, if not empirical) arguments against a minimum wage: that it will discourage firms from taking on more employees. This is why, in 2010, Joseph Stiglitz (yet another Nobel Prize winner in Economic Sciences) and several other influential economists urged congressional leaders to implement a "hiring tax credit" similar to a wage subsidy, calling it "a cost-effective way to create jobs." While there's not much evidence that a higher minimum wage actually discourages employment in the messy real world – where there are dynamics other than elasticity of demand for labor – it's true that, other things equal, a business that pays \$15 per hour, per worker will buy fewer hours of labor than a business that only pays \$10. A wage subsidy would eliminate this theoretical disincentive because businesses would pay extra taxes to fund the subsidy regardless of whether they hired more employees; there wouldn't be a direct causal relationship between number of employees and extra cost of employees. The tax base that funds the subsidy could be limited to apply only to employers, so that, as with a minimum wage, money would be redistributed from businesses to workers, but without discouraging employment.

Wage subsidies are empirically good for employment

Rotger and Nielsen 10 [Gabriel Pons Rotger, Corresponding author, Senior Researcher, PhD, AKF, Danish Institute of Governmental Research, and Jacob Nielsen Arendt, Associate Professor, PhD, Institute of Public Health, Research Unit for Health Economics, "The Effect of a Wage Subsidy on Subsidised Firm's Ordinary Employment," AKF, Danish Institute of Governmental Research, 2010]

This paper estimates the causal effect of a new wage subsidy on subsidised firms' ordinary employment along the subsidised period for 2,600 Danish firms which hired a subsidised employee in the spring of 2006. The paper exploits the availability of panel data on the outcome variable, firm's monthly ordinary employment, to use an annually differenced outcome variable, and conditioning on the last thirteen monthly lags of the firm's monthly ordinary employment in the spirit of Card & Sullivan (1988). The paper applies matching on a 'matched sample' method of Rubin (2006) in order to minimise the unbalance between treatment and control group. We find that hiring a subsidised employee has a significant positive average employment effect on the subsidised firm already 1 month after the beginning of the subsidised contract. As time passes, the positive effect on the firm's ordinary employment increases suggesting that on average subsidised employers tend to hire the subsidised employee on ordinary terms or use subsidy to financing the hiring of other individuals on ordinary conditions. We find at the same time evidence on heterogeneity of the responses. Most important, seasonal employers seem to replace seasonal ordinary employment by subsidized one, and this given the lack of effective preventing mechanism at the scheme, suggest to reinforce the control of seasonal firms regarding their use of subsidized employees. Another relevant finding is that employers who use in higher extent subsidized and other forms of non-ordinary employment and who given the design of the subsidy scheme have incentives to permanently use wage subsidies do not present significative differences in terms of treatment effect with respect to the average effect on their ordinary employees. This finding reinforces the average evidence on the wage subsidy has been effective and efficient in terms of employment generation in Denmark in the period under study.

Wage subsidies don't incentivize near-nothing wages – we can maintain the minimum wage but just have the government meet the difference between it and the 1AC's living wage

Jaywork 14 [Casey Jaywork. Wage subsidy outsmarts a \$15 Minimum. <http://www.capitolhilltimes.com/2014/01/wage-subsidy-outsmarts-15-minimum/>]

One possible objection to a wage subsidy is that it will allow employers to lower their own wages and let the government pick up the slack. This can be avoided by keeping a low minimum wage in place (e.g. the current one). Setting that minimum wage creates a price floor below which employers cannot go, and competition between employers for higher-skilled workers will push up wages for higher-skilled jobs. In this way, the feedback-loop of the market will still react to consumer preferences (like raising the wages of bilingual workers when there's greater demand for them) while keeping all wages high enough to live on.

Capitalism Kritik

All we provide is a link. There is a ton of Cap K stuff for impacts, alts, and ROTBs that you can find on the wiki or research yourself!

The 1AC's living wage attaches value to people; it's doomed to fail in the capitalist system and it kills revolutionary sentiment

Jones 07 [Shane Jones, "A Minimum Wage Versus a Living Wage", 01/30/2007, The Communist, <https://socialistrevolution.org/a-minimum-wage-versus-a-living-wage/>]

A decade since the last increase, and after several Democrats used the issue to win votes while campaigning during the mid-term elections, the House of Representatives voted to raise the Federal minimum wage on January 10th, after a similar bill was voted down in the Senate a week earlier. The House legislation is now en route to the Senate where Republicans are seeking to add a "compromise" of more tax-cuts for businesses. Given many tax cuts they have already received over the past period, this is less a compromise than the norm. Democratic Senate Majority Leader Harry Reid has indicated that the Democrats will vote along side the Republicans for the pro-business additions to the bill. Bush also came out "in support" of the raise, but added he was interested in tacking on more tax breaks and government bailouts for corporations. In addition to helping his big business partners, Bush is attempting to save some political face after a massive voter turn out against his party last November, and prove his ability "to work in a bipartisan manner", i.e. to work with the Democrats to rosify up image of the US capitalist system. What's in the raise? The bill provides for a rise in the national minimum wage to \$7.25 an hour, a \$2.10 raise over the current level of \$5.15. The rise will be introduced in stages, with the first increase taking place within the first sixty days of the measure's passage, rising 70 cents to \$5.85. The next increase would not follow until one year after with another 70 cent increase to \$6.55, and again, following another full year, the final increment of 70 cents would be added, for a total raise of \$2.10 stretched over 26 months (after already waiting ten years). A raise of \$2.10 per hour will positively affect the lives of many working poor, but it in no way makes up for the decline in real wages over the last few decades. It in no way makes up for the loss of millions of high-paying manufacturing jobs over the last few years. It does not cover the millions of undocumented workers who are forced to live in the shadows of U.S. society, working for pennies, often under slave-like conditions. And it is a drop in the ocean of multi-million dollar raises, bonuses, and dividends given out year after year to CEOs and Wall Street stockholders. Corporate profits rose 21.3 percent last year and the average CEO currently makes more than 800 times what minimum wage workers are paid. To put it in perspective, consider the following: if the minimum wage had risen at the same rate as CEO pay since the 1990s, the current minimum would be around \$23.00 per hour – just a bit more than the \$2.10 that is being debated and "compromised" by billionaire Congress. The first federal minimum wage was introduced in 1938, at 25 cents per hour. Since then there have been only eight increases. This is contrasted to the continuously and uninterrupted rise in the cost of living, which doesn't sit around waiting for congressional approval! The interim periods between each raise in the minimum wage are nothing less than losses in real wages by working people. This has been the case in the last ten years, and even more so if we go back to 1968. The average wage has fallen 5 percent and the minimum wage has fallen 43 percent once adjusted to inflation during this nearly forty year period. Conversely, this is a clear gain for the capitalist class, as lower wages translates into higher profits, especially if we take into account that productivity rose 111 percent over that period. The pundits of capitalism may lie, but the figures don't – working harder doesn't get you ahead! The current rise in the minimum wage is in many ways a half measure since more than half of the country already operates above the federal standard. Twenty-eight states and the District of Colombia currently have minimum wage laws that exceed the current

federal level, several of which are already at or higher than \$7.25. These are mainly states with heavier populations: California, Massachusetts, Connecticut, etc. The rise in the minimum may provide a positive short term effect for many workers, but there is no telling when the next rise will come. This gain can also quickly be eaten up by inflation, which is on the rise. Importantly, there is no provision or even a mention by the Democrats of tying wages to the consumer price index and inflation. When the cost of nearly everything else: rent, gas, food, education, health-care, etc. all rise continuously, these periodic minimum wage “raises” can at best only partially offset the continuous pay cuts we suffer in real terms.

Wages – Living or Minimum? Karl Marx, who spent a great deal of time and effort in analyzing the hidden economic mechanisms of capitalism, had the following to say: “Wages are only a special name for the price of labor-power (or the ability to work)...it is the special name for the price of a peculiar commodity, which has no other repository than human flesh and blood.” In other words, under capitalism, workers, who own only their ability to work, stand like all other commodities: up for sale on the market. In essence, a wage is our market price at any given moment. In a sense, all wages reflect the minimum cost of the labor-power commodity. Frederick Engels, who worked alongside Marx in uncovering the workings of capitalism, points out that, under normal conditions of capitalism even a “fair day’s wage” is only what the market fetches i.e. the minimum necessary cost of labor power for any particular field of work. For the capitalist class, hiring labor power is just another cost of production. They therefore seek the lowest possible costs in order to realize the greatest margin of profit. It’s quite simple: all other things being equal, lower wages equals higher profits. Under capitalism, labor is indispensable to creating profit. Workers must therefore be maintained like all other elements of production. A legally mandated minimum wage is just the legal form that guarantees a certain minimum level of wages for at least one layer of the working class. It is a form of market regulation, an effort to stave off growing discontent, and to pump a few more dollars into the consumer market. In this case it is also a demagogic attempt to gain support for the Democratic Party, a party that presents itself as the “kinder, gentler” face of capitalism, but which in reality is a party by and for the bosses. A living wage differs from a minimum wage in that a minimum wage is simply a set level or dollar figure i.e. 25 cents, \$5.15, \$7.25 etc. On the other hand, a living wage is a positive right to a decent standard of living. It is nothing more than a legally set real wage, tied to inflation. That is, the purchasing power of wages are tied to the real prices of other commodities. For example, as food prices rise, so do wages. A living wage maintains the standard of living and provides economic stability for working people. It is impossible to simply reform capitalism to make it more “fair”. At its core, capitalism is a system of exploitation of labor for profit. This makes a living wage for all an impossibility, as it would bring out all the contradictions of capitalism. So while Marxists support every material and social gain won by workers under capitalism, at the same time we realize that these limited gains are not an end in and of themselves, but function within the limited bounds of capitalism. Under pressure from below, the ruling class offers a crumb here and there in order to keep order. We think working people deserve more than crumbs. Yes to a minimum wage increase! Yes to a thousand and one of them! But the story cannot end there. We need a living wage – one where workers do not have to wait in economic limbo for decades. Working people don’t need periodic token rewards tailored to placate and win votes. Rather, we deserve stability, dignity and access to all the requirements of social life: a real living wage. In the last presidential election, workers’ interests showed through the political contradictions inherent in a two party system. For lack of an alternative, voters were forced to choose between two anti-worker candidates, and in the end, Bush won. But the instinctive class interests of working people were expressed in the minimum wage measures that appeared on the ballot in several states. The states of Nevada and Florida, which both went to Bush, both had ballot measures to increase the respective minimum wage of each state. In Florida, the measure passed 71.3 percent to 28.7 percent; and in Nevada, it was approved 68.3 percent to 31.6 percent. Minimum wage measures also passed in the other four states where the question appeared on the ballots. This highlights the enormous potential

and need for a workers' party in the US. With a fighting program of class independence and and a socialist program to improve workers' lives, such a party would receive massive support from working people in every part of the country. Workers need to break with both of the bosses' parties and form one of their own, one that clearly expresses the real interests of the working class. The interests of the working class majority transcend the narrow limits of capitalism. We don't simply want to raise wages within the framework of capitalist exploitation, but to abolish the system of wages altogether. To achieve this, we must abolish capitalism, thereby abolishing class society altogether, a form of society in which one class exists as the servants and wage slaves of another. Therefore, the real demands of our class are transitional, as they begin with the present conditions of capitalism, but can only be fully realized and maintained through the socialist transformation of society. This means workers' control over society and a democratically planned economy. From the program of the WIL: A living wage for all For a national minimum wage of at least two-thirds of the average wage with no exceptions. For a sliding scale of wages tied to inflation.

Outsource Work

Businesses struggle, spillover harms to Americans, and circumvent the aff by outsourcing labor

4DG 23 ["Tackle the Minimum Wage Problem by Outsourcing Employees", 2023, 4D Global, <https://4dglobalinc.com/tackle-the-minimum-wage-problem-by-outsourcing-employees/>]

Now that the economy is finally on the mend after the never-ending pandemic slump, it is now time for businesses to pick themselves back up by their bootstraps and start making money again. And they are. Employees are physically going back into the office, people are hustling and bustling to and from their jobs, and businesses are interacting with each other once again. Things seem to be getting back to "normal." But there is one thing lurking in the background that still needs to be addressed by business owners: the rise in the national minimum wage and the impending continuous rise for the next four years. With the Raise the Wage Act looming over business owners, which is already in effect and will continue until 2025, people are scrambling to find a creative solution to cut costs, save money, and make quick decisions to save their bottom line. It is time to ask yourself this question: what are you going to do to not only stay afloat during these imperfect economic times...but to thrive? If you're a business owner who is interested in learning more about outsourcing for a remedy to the minimum wage problem, keep on reading. Downsides to the increase in the minimum wage Of course, raising the minimum wage is favorable for many groups of people—no one is denying that. We acknowledge that more money for individuals is a good thing. More money in pockets means more money is being spent, which means more money for businesses like yours. This doesn't negate the fact that business owners get the brunt of the situation. Both sides of the coin are true simultaneously. Where there are upsides, there are downsides. When wages rise, where does a company get the additional money to pay their employees? Do they cut staff hours? Raising prices is an option, yet that might cause a company to lose valuable customers and clients since they will no longer be competitive. Certain positions can be moved around or taken out of the equation entirely, but who actually wants to do that? Losing valued employees and important customers is the ultimate downside for a business owner to endure. Since future minimum wage increases aren't going anywhere, now is the time to be proactive and seek out alternate options to tackle the problem. Have you ever thought about outsourcing? Outsourcing as a viable option An article in Forbes presented results from a survey that was given to employers regarding how they will keep their business running even after being negatively impacted by the minimum wage rise. These were the results: 89% report that they would experience lower earnings, 58% would decrease their number of employees, 60% would reduce employee hours, 67% would leave an open position unfilled, 87% would raise prices and 56% would increase their number of part-time employees. There is one option that they did not mention in the survey—the viable option of outsourcing. Outsourcing employees offshore can save business owners a lot of money. A good place to start when considering the option of outsourcing is to look at which positions and skillsets can be done by someone else remotely. Areas that may be worth outsourcing include IT, data entry, accounting, and payroll. Once employers determine what areas or skill sets they can easily find remotely and overseas, they can start the hiring process. Choosing to outsource employees can have tremendous benefits on your company. Why not leverage the most efficient and cost-effective strategy? Keep your prices the same, keep your employees content, and don't lose income yourself. By outsourcing, you can have it all. Advantages of outsourcing Outsourcing, such as 4D Global does, allows employees to pay employers less than they would in the United States and avoid the negative effects of the rising minimum wage. There are big-name companies around the United States that have gone the outsourcing route such as Google, Slack, Apple, and Nike. Outsourcing is not only for large companies; even small ones can reap the benefits of choosing this business model. Some of these advantages include: lower costs (due to economies of scale

or lower labor rates) increased efficiency variable capacity increased focus on strategy/core competencies access to skills or resources increased flexibility to meet changing business and commercial conditions accelerated time to market lower ongoing investment in internal infrastructure access to innovation, intellectual property, and thought leadership Outsourcing is a far better option from compliance, price, and speed of claims processing standpoint. One major benefit of outsourcing is that your business can be open 24/7; work can be done while you are sound asleep. For example, employees do all data entry during the U.S. evening time and are working while you are sleeping creating a 24-hour service—something you can not get from a U.S. employee. It can't get any more convenient than that. How much outsourcing can save you Using differential cost analysis is how you will determine what your outsourcing costs will be and how much you will save from choosing it. A business article on the topic describes four steps to take to determine outsourcing costs. As stated previously, decide which specific operations you will choose to outsource. Think about the benefits of allowing an offshore employee to take over those job responsibilities, and decide how many employees you will need for those operations. You'll want to keep core operations in-house and choose services such as data entry or IT to be done offshore. Once you determine which jobs you will outsource, how many employees you'll need for those jobs, and what qualities and characteristics you want in those employees, you can start doing some math. Figure out how much you'll save by choosing outsourcing over keeping or hiring employees for these jobs in-house. Think about these things: hiring costs, software, hardware, other equipment, physical space, office supplies, travel expenses, benefits, in-house training, etc. And of course, don't let out the salary. Now take the total amount you have calculated and subtract the amount that you might receive from selling the existing supplies, equipment, and software, if that is applicable. Research how much you can pay someone offshore to do the same exact jobs. To calculate the final cost savings from outsourcing, simply take the difference between the total in-house costs and the total outsourcing cost. Even though these calculations will only be an estimate, you can easily see what a huge difference outsourcing can make monetarily. Conclusion Choosing to move certain operations offshore will be highly advantageous to your business and your bottom line. As an employer, choose to outsource employees and spend less money as the minimum wage continues to rise—and still continue to grow and expand your business at the same time. Outsourcing is a realistic and efficient way to manage the minimum wage raise.

Job Loss

70 years of studies agree that increases in minimum wages cause unemployment of low-wage workers

Wilson 12 [Mark Wilson, CATO Institute, 2012, The Negative Effects of Minimum Wage Laws, <http://www.downsizinggovernment.org/labor/negative-effects-minimum-wage-laws>
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Despite the use of different models to understand the effects of minimum wages, all economists agree that businesses will make changes to adapt to the higher labor costs after a minimum wage increase. Empirical research seeks to determine what changes to variables such as employment and prices firms will make, and how large those changes will be. The higher costs will be passed on to someone in the long run; the only question is who. The important thing for policymakers to remember is that a decision to increase the minimum wage is not cost-free; someone has to pay for it. The main finding of economic theory and empirical research over the past 70 years is that minimum wage increases tend to reduce employment. The higher the minimum wage relative to competitive-market wage levels, the greater the employment loss that occurs. While minimum wages ostensibly aim to improve the economic well-being of the working poor, the disemployment effects of a minimum wages have been found to fall disproportionately on the least skilled and on the most disadvantaged individuals, including the disabled, youth, lower-skilled workers, immigrants, and ethnic minorities.¹⁵ In his best-selling economics textbook, Harvard University's Greg Mankiw concludes: The minimum wage has its greatest impact on the market for teenage labor. The equilibrium wages of teenagers are low because teenagers are among the least skilled and least experienced members of the labor force. In addition, teenagers are often willing to accept a lower wage in exchange for on-the-job training. . . . As a result, the minimum wage is more often binding for teenagers than for other members of the labor force.¹⁶ Research by Marvin Kosters and Finis Welch shows that the minimum wage hurts low-wage workers particularly during cyclical downturns.¹⁷ And based on his studies, Nobel laureate economist Milton Friedman observed: "The real tragedy of minimum wage laws is that they are supported by well-meaning groups who want to reduce poverty. But the people who are hurt most by higher minimums are the most poverty stricken."¹⁸ In a generally competitive labor market, employers bid for the most productive workers and the resulting wage distribution reflects the productivity of those workers. If the government imposes a minimum wage on the labor market, those workers whose productivity falls below the minimum wage will find few, if any, employment opportunities. The basic theory of competitive labor markets predicts that a minimum wage imposed above the market wage rate will reduce employment.¹⁹ Evidence of employment loss has been found since the earliest implementation of the minimum wage. The U.S. Department of Labor's own assessment of the first 25-cent minimum wage in 1938 found that it resulted in job losses for 30,000 to 50,000 workers, or 10 to 13 percent of the 300,000 covered workers who previously earned below the new wage floor.²⁰ It is important to note that the limited industries and occupations covered by the 1938 FLSA accounted for only about 20 percent of the 30 million private sector, nonfarm, nonsupervisory, production workers employed in 1938. And of the roughly 6 million workers potentially covered by the law, only about 5 percent earned an hourly rate below the new minimum.²¹ Following passage of the federal minimum wage in 1938, economists began to accumulate statistical evidence on the effects. Much of the research has indicated that increases in the minimum wage have adverse effects on the employment opportunities of low-skilled workers.²² And across the country, the greatest adverse impact will generally occur in the poorer and lower-wage regions. In those regions, more workers and businesses are affected by the mandated wage, and businesses have to take more dramatic steps to adjust to the higher costs. As an example, with the original 1938 imposition of the minimum wage, the lower-income U.S. territory of Puerto Rico

was severely affected. An estimated 120,000 workers in Puerto Rico lost their jobs within the first year of implementation of the new 25-cent minimum wage, and the island's unemployment rate soared to nearly 50 percent.²³ Similar damaging effects were observed on American Samoa from minimum wage increases imposed between 2007 and 2009. Indeed, the effects were so pronounced on the island's economy that President Obama signed into law a bill postponing the minimum wage increases scheduled for 2010 and 2011.²⁴ Concern over the scheduled 2012 increase of \$0.50, compelled Governor Togiola Tulafono to testify before Congress: "We are watching our economy burn down. We know what to do to stop it. We need to bring the aggressive wage costs decreed by the Federal Government under control... Our job market is being torched. Our businesses are being depressed. Our hope for growth has been driven away."²⁵ In 1977 ongoing debate about the minimum wage prompted Congress to create a Minimum Wage Study Commission to "help it resolve the many controversial issues that have surrounded the federal minimum wage and overtime requirement since their origin in the Fair Labor Standards Act of 1938."²⁶ The commission published its report in May 1981, calling it "the most exhaustive inquiry ever undertaken into the issues surrounding the Act since its inception."²⁷ The landmark report included a wide variety of studies by a virtual "who's who" of labor economists working in the United States at the time.²⁸ A review of the economic literature amassed by the Commission by Charles Brown, Curtis Gilroy, and Andrew Kohen found that the "time-series studies typically find that a 10 percent increase in the minimum wage reduces teenage employment by one to three percent."²⁹ This range subsequently came to be thought of as the consensus view of economists on the employment effects of the minimum wage. It is important to note that different academic studies on the minimum wage may examine different regions, industries, or types of workers. In each case, different effects may predominate. A federal minimum wage increase will impose a different impact on the fast-food restaurant industry than the defense contractor industry, and a different effect on lower-cost Alabama than higher-cost Manhattan. This is why scholarly reviews of many academic studies are important. In 2006 David Neumark and William Wascher published a comprehensive review of more than 100 minimum wage studies published since the 1990s.³⁰ They found a wider range of estimates of the effects of the minimum wage on employment than the 1982 review by Brown, Gilroy, and Kohen. The 2006 review found that "although the wide range of estimates is striking, the oft-stated assertion that the new minimum wage research fails to support the traditional view that the minimum wage reduces the employment of low-wage workers is clearly incorrect. Indeed . . . the preponderance of the evidence points to disemployment effects."³¹ Nearly two-thirds of the studies reviewed by Neumark and Wascher found a relatively consistent indication of negative employment effects of minimum wages, while only eight gave a relatively consistent indication of positive employment effects. Moreover, 85 percent of the most credible studies point to negative employment effects, and the studies that focused on the least-skilled groups most likely to be adversely affected by minimum wages, the evidence for disemployment effects were especially strong. In contrast, there are very few, if any, studies that provide convincing evidence of positive employment effects of minimum wages. These few studies often use a monopsony model to explain these positive effects. But as noted, most economists think such positive effects are special cases and not generally applicable because few low-wage employers are big enough to face an upward-sloping labor supply curve as the monopsony model assumes.³²

Even after assuming only an extremely moderate change to wage laws with the aff, over 1 million jobs will be lost at a minimum

Cox 21 [Jeff Cox (Veteran journalist Jeff Cox is the economics editor for CNBC.com where he covers the latest data, the Federal Reserve and how the developments impact financial markets.), "Raising minimum wage to \$15 would cost 1.4 million jobs, CBO says", 02/08/2021, CNBC, [https://www.cnbc.com/2021/02/08/raising-minimum-wage-to-15-would-cost-1point4-million-jobs-cbo-says.html#:~:text=Raising%20minimum%20wage%20to%20\\$2415%20would%20cost%201.4%20million%20jobs%2C%20CBO%20says,-Published%20Mon%2C%20Feb&text=A%20rise%20in%20the%20minimum,Congressional%20Budget%20Office%20said%20Monday.](https://www.cnbc.com/2021/02/08/raising-minimum-wage-to-15-would-cost-1point4-million-jobs-cbo-says.html#:~:text=Raising%20minimum%20wage%20to%20$2415%20would%20cost%201.4%20million%20jobs%2C%20CBO%20says,-Published%20Mon%2C%20Feb&text=A%20rise%20in%20the%20minimum,Congressional%20Budget%20Office%20said%20Monday.)]

A rise in the minimum wage to \$15 an hour would lead to the loss of 1.4 million jobs by 2025, the Congressional Budget Office said Monday. Employment advocates have disputed the notion that hiking the federal floor would cost jobs and cite myriad benefits. In addition to the job loss, the CBO estimated that 900,000 people would be lifted out of poverty. Raising the federal minimum wage to \$15 an hour, as President Joe Biden has proposed, would cost 1.4 million jobs over the next four years while lifting 900,000 people out of poverty, according to a Congressional Budget Office report Monday. The impact on the employment rolls is slightly higher than the 1.3 million employment estimate from a 2019 report from the CBO, a nonpartisan agency that provides budgetary analysis to Congress. The number has been disputed by employment advocates who cite the benefits from the raise and say businesses will be able to handle the costs. Biden has acknowledged that the plan to phase in the new federal wage floor likely won't make it through the \$1.9 trillion spending plan he is pushing through Congress, though he remains committed to the increase. The CBO report estimates that the employment reduction would happen by 2025 and come as employers cut payroll to compensate for the increased costs. Along with the reduction in employment, the federal budget deficit would increase by \$54 billion over the next 10 years, a fairly negligible level considering the fiscal 2020 shortfall totaled more than \$3 trillion. Pay for all workers would increase by a net \$333 billion, "an increased labor cost for firms considerably larger than the net effect on the budget deficit during that period," the CBO report said. In the 2019 estimate, the agency said total family income would decrease slightly on net. "Higher wages would increase the cost to employers of producing goods and services," the report said. "Employers would pass some of those increased costs on to consumers in the form of higher prices, and those higher prices, in turn, would lead consumers to purchase fewer goods and services," the report found. "Employers would consequently produce fewer goods and services, and as a result, they would tend to reduce their employment of workers at all wage levels." There's considerable disagreement over the negative impacts of raising the minimum wage, which has stayed at \$7.25 since 2009. "Many studies have found that higher minimum wages reduce poverty, and a Census study found that the wage gains for affected workers continue to grow in the years after minimum wage increases," according to a note from Goldman Sachs. The firm added that most studies "find only modestly negative effects of minimum wage hikes on employment of low-wage workers." Boosting the minimum wage would result in increased spending on Medicaid for those who lost their jobs due to higher wages, while outlays for Social Security also would rise due to higher salaries. Conversely, the CBO sees less spending for food stamps and child nutrition programs due to increases for low-income people. However, those at the bottom rung also would feel some impact. The report expects that of the 1.4 million workers displaced by the higher wages, half would fall out of the labor force completely by 2025. "Young, less educated people would account for a disproportionate share of those reductions in employment," the report said. Employment advocates have cited multiple advantages to raising the minimum wage, ranging from increasing the standard of living for lower-income people to providing health benefits. Increasing minimum pay levels "would disproportionately raise the incomes of families at the bottom of the income distribution and would meaningfully reduce the number of families in poverty," the Economic Policy Institute said in a recent paper. Goldman estimated the chances of a \$15 minimum wage passing as "low" with the more likely scenario something in the \$10-\$11 range with a gradual phase-in.

Minimum wage increases increase unemployment of low-skilled workers – empirics prove

Clemens and Wither 19 [Clemens, Jeffrey (University of California at San Diego, Economics Department), and Michael Wither (University of California at San Diego). "The Minimum Wage and the Great Recession: Evidence of Effects on the Employment and Income Trajectories of Low-Skilled Workers." *Journal of Public Economics*, vol. 170, no. 20724, Feb. 2019, pp. 53–67, <https://doi.org/10.1016/j.jpubeco.2019.01.004>.]

We estimate the minimum wage's effects on low-skilled individuals' employment and income trajectories following the Great Recession. Our approach exploits two dimensions of the data we

analyze. First, we compare individuals in states that were fully bound by the 2007 to 2009 increases in the federal minimum wage to individuals in states that were not. Second, we use variation in the minimum wage's bite across skill groups to separate our samples into "target" and "within-state control" groups. Using the 2008 panel of the Survey of Income and Program Participation, we find that binding minimum wage increases had significant, negative effects on the employment and income growth of targeted workers. Although there are important limitations to our research designs, our estimates are robust to adopting a range of alternative strategies to construct our analysis samples and to account for variation in the Great Recession's underlying severity across states. In aggregate, our estimates suggest that this period's minimum wage increases reduced aggregate employment rates by at least half of a percentage point in states that were bound by the federal minimum wage increases. Because our estimates are large relative to what one would infer from past research, we emphasize the relevance of the historical episode we analyze.

Wage increases push low skilled workers out of the labor market – empirics prove.

Henderson 24 [Henderson, David R, professor of economics at the Naval Postgraduate School in Monterey, California. "High Minimum Wage Laws Hurt Many Workers." Hoover Institution, 2024, www.hoover.org/research/high-minimum-wage-laws-hurt-many-workers.]

One of the ideas that economists are most sure of is that when the price of something rises, other than due to something that shifts the whole demand curve, the quantity demanded falls. Conversely, when the price of something falls, the quantity demanded increases. This is not controversial in economics. Moreover, it's so clear that it is part of our mutual understanding, even for non-economists. When you hear that Macy's is having a sale, you don't say, "Oh, I'd better not shop at Macy's during the sale because the prices are temporarily higher." No. You understand that Macy's is having a sale in order to sell more and that the way to sell more is to lower their prices. Or consider what we all know to be true when strawberries are out of season: their price will be higher than when they're in season. In other words, a reduction in supply, all else equal, will lead to a higher price; the way to sell the lower amount and have all demanders satisfied is to increase the price. Economists have a name for this empirical regularity: the law of demand. But, just to drive it home, I should state it: all else equal, at a lower price more will be demanded and at a higher price, less is demanded. The law of demand applies to virtually everything: the demand for steaks, the demand for cars, the demand for houses, and, yes, the demand for labor. That means that when governments raise the price of relatively unskilled labor by substantially raising the minimum wage, the number of unskilled workers employed will fall. There is one exception: when employers are monopsonists (a term I'll explain later), a skillfully set increase in the minimum wage can actually increase the number of jobs. But this exception is limited and, as I shall explain later, would occur, if ever, only in regional markets. The fast-food minimum wage Why does this all this matter, particularly now? Because last year the California legislature gave power to a government body to set wages in the fast-food industry and that government body has set the minimum wage for fast-food businesses at \$20 an hour, with further increases anticipated in the future. What will be the effects on jobs of this high minimum wage for relatively unskilled workers? It will reduce them. One of the few mainstream publications in which to find old-fashioned factual reporting is the Wall Street Journal. Not always, but often. A recent case is the news story by WSJ reporter Heather Haddon, who covered some of the ways California fast-food employers were adjusting in anticipation of the April 1 increase in the minimum wage. Her March 25 story, "California Restaurants Cut Jobs as Fast-Food Wages Set to Rise," listed a number of ways that workers' jobs and hours are being cut and will be cut. She wrote: A California state law is set to raise fast-food workers' wages in April to \$20 an hour. Some restaurants there are already laying off staff and reducing hours for workers as they try to cut costs. California restaurants, particularly pizza joints, have outlined plans to cut hundreds of jobs in the months leading up to the April 1 wage mandate, according to state records. Other operators said they have halted hiring

or are scaling back workers' hours. Job loss isn't the only result of the minimum wage increase. As economists like to say, there are other margins on which to adjust. Employers can, and do, cut non-wage benefits, for example. Doing so dampens the effect of the minimum wage increase on jobs; but that means fewer jobs are lost and the reduction in hours worked is less—it doesn't mean that no jobs or hours are reduced. Another way to adjust to higher minimum wages that could drastically reduce jobs is to take advantage of digital technology. One avenue is to hire workers in lower-wage countries. Really? How exactly would that work? In the April 11 New York Times, reporter Stefanos Chen explained. In a news item titled "The Fried Chicken Is in New York. The Cashier Is in the Philippines," Chen wrote: Romy, who declined to give her last name, is one of 12 virtual assistants greeting customers at a handful of restaurants in New York City, from halfway across the world. The virtual hosts could be the vanguard of a rapidly changing restaurant industry, as small-business owners seek relief from rising commercial rents and high inflation. Others see a model ripe for abuse: The remote workers are paid \$3 an hour, according to their management company, while the minimum wage in the city is \$16. Romy is a real person, not a robot, but, as Chen noted in the story, she lives in the Philippines, where wages are much lower than in the United States and, especially, much lower than in New York City. Although Chen's story is not about the minimum wage, one way fast-food employers could adjust to the minimum wage increase is by hiring low-wage workers in the Philippines and elsewhere. Interestingly, although Chen stated, "Others see a model ripe for abuse," he didn't cite any examples of abuse. Possibly he, or the unnamed others, think that replacing high-wage workers in the United States by hiring lower-wage workers in other countries is abuse.

Under-the-Table Work

Wage increases rampantly increase under-the-table black market work – Britain proves

Morgan 06 Morgan, Oliver, and Heather Stewart. "Minimum wage 'fuels the black economy' - CBI | Business." *The Guardian*, 23 September 2006, <https://www.theguardian.com/business/2006/sep/24/politics.tradeunions>. Accessed 8 August 2024.

Employers and unions are at loggerheads over claims by the Confederation of British Industry that increases in the minimum wage are driving a rise in Britain's 'black economy'. The CBI makes the claim in its submission for 2007 to the Low Pay Commission, which sets the level of the minimum wage each year. In its submission the employers body claims that this year's rise, to £5.35, which will come into effect next month, means the minimum wage will have risen by 27 per cent since 2002, 'significantly higher than 18 per cent average wage growth'. It argues for a modest increase next year to allow employers to catch up. It adds: 'As the rate of the NMW grows, so too does the scale of the "black economy", particularly in some geographic regions and in certain sectors of the economy.' It says the problem is most prevalent in poorer regions of the country, and often involves migrant workers. Susan Anderson, the CBI's director of human resources policy said: 'The minimum wage has improved living standards for many workers, but continuing heavy annual increases are simply not sustainable, as the Low Pay Commission itself acknowledges. Firms are already under great pressure from rising energy costs, lower-waged competition overseas, and an uncertain global economic outlook. Others are being undercut by a minority of unscrupulous employers who take workers on the black market to avoid paying the minimum wage.' The CBI's stance received a stinging rebuke from unions. The TUC said that instead of blaming the minimum wage for activity in the black economy it should encourage businesses to clamp down on it. TUC general secretary Brendan Barber, said: 'If the CBI are concerned about the cash-in-hand economy they should be calling for tougher enforcement rather than a weaker minimum wage.' However, the TUC acknowledged that CBI calls for a 'modest increase' rather than a freeze on the minimum wage indicated that its view had changed for the better. The minimum wage has caused disquiet among businesses since it was introduced in 1999. The British Retail Consortium claimed last week that it had led to more than 78,000 staff losing their jobs. The BRC has called for a two-year freeze, once next month's increase comes into effect. The Engineering Employers Federation, which represents manufacturers, has called for the minimum wage to be uprated according to a set formula each year, based on the rise in basic pay rates across the economy. The EEF believes this would give industry more certainty about its future costs. However, the TUC has insisted in its own submission to the Low Pay Commission that an increase to £6 an hour over the next two years would be 'affordable' for employers. Meanwhile, CBI director general Richard Lambert has warned the government 'not to blink' on reform of the public services. On the eve of the Labour party conference in Manchester this week, Lambert says the public is behind reform and that the debates surrounding the Labour leadership should not derail it. Lambert, who will be attending his first conference as director-general, said: 'Attempts to derail public service reform are not only misguided, they also misjudge the public mood. People want more reform, not less, to bring services up to the levels they rightly expect. Last week, the CBI published a poll carried out by YouGov indicating that 62 per cent of the public believe the pace of reform should be faster, while 14 per cent believed it should be slowed down or stopped. According to the poll, nearly 60 per cent of people believed private companies should deliver public services as long as they are of high quality, compared with 27 per cent who do not. Private-sector involvement in the delivery of public services has long been a flashpoint for union anger about the government's reforms. The controversy will be highlighted at the conference, with NHS workers threatening a second 24-hour strike, over plans to award a 10-year contract for delivering logistics to German delivery giant DHL. The CBI's polling also

found that the public had no objection to private companies taking over running GPs surgeries, if there is a shortage of local provision, a policy unions and campaigners vehemently oppose.

Wage increases lead to under-the-table work – New York proves

(Jim) Epstein 18 Epstein, Jim. "The \$15 Minimum Wage Is Turning Hard Workers into Black Market Lawbreakers." *Reason.Com*, 10 Nov. 2018, reason.com/video/2018/10/11/the-15-minimum-wage-car-washes/.

On March 4, 2015, a group of union leaders, activists, and elected officials were arrested for blocking traffic during a protest in front of a Vegas Auto Spa, a small car wash in Park Slope, Brooklyn. Chanting "No contract, no peace!" and "Si se puede!", they had come in support of striking workers, who had walked out demanding a union contract after allegedly being subjected to dismal working conditions. For David Mertz, the New York City director and a vice president at the Retail, Wholesale and Department Store Union (RWDSU), it was an inspirational moment in an ambitious six-year campaign to unionize the city's car washes industry. "These workers were willing to stand out there during one of the coldest winters...literally in decades to fight for their rights and for basic human dignity," says Mertz, who was also arrested that day. "You have the ability to make change by coming together, and when you do that sometimes you find that you've got some friends on your side." In the past six years, the car wash industry, which employs low-skilled, mostly immigrant workers, has also been the target of lawsuits for alleged underpayment of wages, including a handful of cases spearheaded by the New York State Attorney General's office. Working conditions in the industry were also cited as a *raison d'être* in the successful campaign to raise the state minimum wage to \$15 per hour, which takes full effect at New York City car washes in January of 2019. As Reason chronicled in a feature story in our July 2016 issue, the real world impact of the unionization drive, the lawsuits, and the \$15 minimum wage has been mainly to push car washes to automate and to close down. Two years later, there are more unintended consequences. The \$15 minimum wage is fostering a growing black market—workers increasingly have no choice but to ply their trade out of illegal vans parked on the street, because the minimum wage has made it illegal for anyone to hire them at the market rate. The minimum wage is also cartelizing the industry: Businesses that have chosen to automate are benefiting from the \$15 wage floor because outlawing cheap labor makes it harder for new competitors to undercut them on price and service. As a sequel to the 2016 article, this video takes an in-depth look at the real world consequences that result when politicians interfere with a complex industry they don't understand, enabled by media coverage that rarely questions the overly simplistic tale of exploited workers in need of protection. A Failed Unionization Drive "The car wash campaign serves as a model for what might be possible," RWDSU President Stuart Applebaum shouted from the podium during a December 2014 speech at the UNI Global Union in Cape Town, South Africa. "The genesis of this campaign came out of a realization that you had an industry which was just a breeding ground for terrible conditions for workers," says RWDSU's Mertz. "We heard reports of workers working 60 or 70 hours a week." The truth is that from the very beginning, nothing about the car wash campaign has gone as planned. After six years, organizers have unionized 11 businesses, or about four percent of the city's registered car washes. Two of them have since closed down, and the union withdrew at three more because of a lack of support from the workers. There are just six unionized shops remaining, or about two percent of the city's registered car washes. And that number may continue falling. "They just come and collect their fees, but I don't see an economic benefit from the union," says Ervin Par, a 37-year-old immigrant from Guatemala, who was speaking in Spanish. Par has been cleaning cars professionally for 10 years. He currently works at Main Street Car Wash in Queens, one of the city's six remaining unionized shops. Organizers have held two strikes at this location in the past few years, and in 2013 The New York Times covered allegations of

worker mistreatment here. Now, with the union contract expiring, Main Street could become the fourth car wash where the workers pressure RWDSU to withdraw, which would bring the total of unionized shops down to just five. "Among my colleagues, there's a majority that doesn't want the union," says Par. Par shrugs off the idea that the workers at Main Street need union protection. "Protection from whom? If I don't like working here, I'll go find a job at a different place. There are many places to work where the pay the same. They don't pay more. They pay the same." RWDSU's Mertz told Reason that he "doesn't have all the facts" on Main Street Car Wash "at this particular moment," adding that "we represent the workers there and we certainly hope that we'll be able to continue to do that." The \$15 Minimum Drives Automation With the unionization drive floundering, RWDSU and its partners in the car wash campaign—the non-profit labor groups Make the Road New York and New York Communities for Change—shifted their focus to getting the city and state to mandate change. The union wrote and passed a local licensing bill known as the "Car Wash Accountability Act," including a provision designed to incentivize unionization, which was later struck down in federal court. The most significant intervention championed by the union was an increase in the minimum wage to \$15 per hour. This is upending the industry, but not in the way activists intended. "We've heard over the years from employers repeatedly that anytime that we've made changes within the industry," says Mertz, "either they'd all automate, or the industry would suffer massive shutdowns. We haven't seen that happen to date." Yet that's exactly what's happening. Reason captured footage at a car wash in Queens that recently installed a new arch for hosing down vehicles, which will replace about four workers. (The owner granted us access on the grounds that we conceal the name and location of the business because he's worried about political repercussions.) Typical of New York's older car washes, this one was designed at a time when manual labor cost less than installing and maintaining machinery. "Labor was cheap—real cheap," says Amir Malki, a second generation car wash builder. When he started in the industry in the 1980s, operators all over the city were actually dismantling machinery because rag, hose, and brush wielding men did a better job for less. New fully automated car washes are also opening up, such as a state of the art facility near at 147th Avenue Plaza near JFK airport, with electronic gates, a self-serve vacuum, and a single manager on site making sure everything is running smoothly. Car wash owners are choosing to automate even though it entails substantial risk. Take Best Auto Spa, located at 810 Pennsylvania Avenue in Brooklyn. Known as one of the city's premier handwashes, it draws clients who care deeply about the appearance of their cars and are willing to pay more for the human touch. The \$15 minimum wage means that this business model is no longer viable. So the owner of Best Auto Spa, who asked not to be named because he's worried about the political repercussions, is transforming his business from the equivalent of an artisanal bistro to just another fast food joint. Two years ago, he installed \$200,000 worth of equipment, which allowed him to lay off eight workers. Now he's facing another policy change that would further increase his labor costs. Employers are currently allowed to attribute a portion of the tips earned by their workers towards meeting the minimum wage requirement. New York State is seriously considering a proposal to eliminate the so-called tip credit. If that happens, come January, the owner says he'll have no choice but to give all these employees a pink slip and go fully automated. Labor Lawsuits Lead to Closures Not every car wash owner is willing to take on the risk and expense of automation, and there's another option: Exit the business and relinquish their land for more profitable uses. That's also happening at many New York car washes, such as Woodside Car Wash at 69-02 Queens Blvd., and Cambria Car Wash at 208-15 Linden Blvd., also in Queens. A couple years ago, Cambria converted to a pharmacy and a Dunkin' Donuts because, the owner says, labor costs were rising. Several car washes have closed after their owners were sued for paying off the books, such as Harlem Hand Wash at 2600 Adam Clayton Powell Jr. Blvd, J.V. Car Wash at 4778 Broadway, and NYC Auto Spa at 70-65 Queens Blvd. At each of these locations, dozens of low-wage jobs disappeared. The Minimum Wage Protects Incumbent Businesses Another unintended consequences is that for business owners who choose to stick it out and automate, the \$15 minimum wage actually protects them from

competition by making it harder for new car washes to open up. "Solely from being a businessman, the increase in the minimum wage makes my business so much easier—the best thing that could happen to me and I think to the industry," says Jack Belinsky, the manager of a new car wash in Queens. (Belinsky is also the vice president of the Association of Car Wash Owners.) The car wash that Belinsky manages—the owner asked that we not publish the name or address of the business because he's concerned about political repercussions—opened last year at the site of yet another labor-heavy operation that closed following a wage and hour lawsuit. The new owner converted it to a fully automated exterior-only car wash, meaning customers are left to vacuum the interiors of their own vehicles. "We used to do the same thing with 25 people, and now I'm doing it with two," says Belinsky. By making cheap labor illegal, the \$15 minimum wage made it possible for Belinsky to downgrade his service. "Before if I go exterior, my competition would say, 'ah, he went exterior and I'm still full-service so I'll take all his customers,'" Belinsky says. "That never gave me a chance to go exterior. Now everybody is forced to go exterior because of this crazy law and the minimum wage \$15 per hour. It evened out the field." The Industry Moves Underground "These workers have few options and little power, RWDSU President Stuart Applebaum said in his December 2014 speech. "They live in the shadows." The irony is that progressives have pushed the car wash workers further into the shadows. The \$15 minimum wage amounts to government prohibition of low-wage work. And yet just making something illegal won't stop able-bodied men with few alternatives from meeting a market demand for their services. Since many legitimate car washes can no longer hire them, workers are going to the streets, where it's all cash, no tax, no unions, no workers comp, no insurance, and certainly no wage floors. "The economy has led us to this situation to have to work washing cars in the street," says Fausto, an illegal car wash worker who asked that we only use his first name. He's part of a three-man operation washing cars on the curb out of a van for about \$15 a pop. "The customers prefer us," he says, "because when they come with bird droppings, or whatever, we clean it up. The machine can't do that. Fausto has lived in the U.S. for 19 years, and still sends a portion of his earnings back to the Dominican Republic to help support his wife and children. "Every week or 15 days, I send \$100 for food and other expenses," he says. "I cover their necessities from here." A Devil's Bargain Legitimate car washes—left with no choice but to lay off workers who provide hand washes prized by customers, to install expensive machines, and to plaster their walls with operating licenses—are clamoring for the government to enforce the law and shut down the illegal operators. "How can I compete with these guys when they're paying cash," car wash owner Stuart Markowitz said in 2015 testimony at City Hall, imploring Mayor Bill de Blasio (D), who was in attendance, to work with him to shut down the "bad operators." "We worry for the workers, look at the laws we made," says Belinsky, mimicking a politician. "But if those rules are not enforced, those laws are toothless—they only hurt the good guys." David Mertz concurs, telling Reason that the legitimate owners have a right "to be furious." "You can also make the argument that you should allow some people to skirt the law, to skirt the regulations that are meant to protect workers in an effort to give people work opportunities," Mertz said. "That's a devil's bargain." Or maybe the real devil's bargain is championing a set of policies that sound good at a rally, but that in the real world jeopardize the livelihoods of the working poor. Which brings us back to Vegas Auto Spa, the Brooklyn car wash that progressive activists made an example of back in 2015. Shortly after the car wash unionized, the owner started planning his exit strategy. Two years later, he found a buyer, who kept it running for one more year. Today Vegas Auto Spa is shuttered, and the ripple effects of the entire movement have been to destabilize an industry, pushing the men and women who worked in it even deeper into the shadows.

Tradeoffs

Companies will cut other forms of compensation, leaving workers worse off

Baird 02 [Charles Baird, a professor of economics and the director of the Smith Center for Private Enterprise Studies at California State University at Hayward, "The Living Wage Folly," Ideas on Liberty, June 2002, pp. 16-19.]

Sometimes profit-seeking entrepreneurs will try to avoid layoffs by cutting nonwage compensation paid to workers. For example, reductions in paid vacation time; employer contributions to retirement funds, employer paid medical insurance, and rates of sick leave accrual can sometimes offset the effect of a higher legal minimum wage. If so, affected workers will keep their jobs, but they will not be any better off than they were before the minimum-wage increase. In fact, they will probably be worse off because more of their compensation will be taxable than before.

Companies make up for higher wages by decreasing hours and benefits resulting in lower worker earnings – empirics

Yu 21 [Yu, Qiuping, et al. Qiuping [Yu is an assistant professor of Operations Management and Business Analytics at the Georgia Tech Scheller College of Business.] "Research: When a Higher Minimum Wage Leads to Lower Compensation." Harvard Business Review, Harvard Business Publishing, 10 June 2021, hbr.org/2021/06/research-when-a-higher-minimum-wage-leads-to-lower-compensation.]

In the U.S., we're seeing an increasing number of calls to increase the national minimum wage to \$15/hour. Many states and municipalities have already passed minimum wage hikes in the last several years, and a variety of proposals are under consideration at the federal level. However, economists remain uncertain as to the long-term impact of these policies on the welfare of American workers. Some studies suggest that raising minimum wage has a small negative effect on employment rates, while others find no such adverse effect on employment. Part of what makes it so tricky to quantify the impact of minimum wage policies is that they can influence firms' behavior in a variety of complex, interrelated ways. In addition to changing employment rates, studies suggest that firms may strategically respond to minimum wage increases by changing their approaches in other areas, such as worker schedules. This can have significant implications for employee welfare, but scheduling data is often harder to obtain than employment numbers. Minimum wage increases are also often accompanied by a host of other external factors and policies, making it difficult to identify test environments that enable a true apples-to-apples comparison of before and after minimum wage increases. To address these challenges, we conducted a study in which we leveraged a highly granular dataset of worker scheduling data from a national fashion retailer in the U.S. to compare scheduling differences in states with different minimum wage histories. Specifically, we looked at worker schedule and wage data from 2015 to 2018 for more than 5,000 employees at 45 stores in California — where the minimum wage was \$9 in 2015, and has increased every year since then — and at 17 stores in Texas, where the minimum wage was \$7.25 for the duration of our study. We then controlled for statewide economic and employment differences between California and Texas in order to isolate just the impact of increasing the minimum wage. Based on this analysis, we found that increasing the minimum wage had no statistically significant impact on the total number of labor hours employed at a given store. In other words, stores hired workers to work for the same overall number of hours regardless of whether minimum wage increased. However, our data suggests that the way in which those hours were allocated among workers did change. For every \$1 increase in the minimum wage, we found that the total number of workers scheduled to work each week increased by 27.7%, while the average number of hours each worker worked per week decrease by 20.8%. For an average store in California, these changes translated into four extra workers per week and five fewer hours per worker per week — which meant that the total wage compensation of an average minimum wage worker in a California store actually fell by 13.6%. This decrease in the average number of hours worked not only reduced total

wages, but also impacted eligibility for benefits. We found that for every \$1 increase in minimum wage, the percentage of workers working more than 20 hours per week (making them eligible for retirement benefits) decreased by 23.0%, while the percentage of workers with more than 30 hours per week (making them eligible for health care benefits) decreased by 14.9%. This suggests that as minimum wage increases, firms may strategically adjust their scheduling practices to reduce the number of workers eligible for benefits: Our estimates suggest that the average store in our California data set recouped approximately 27.5% of the increase in its wage costs through savings associated with reducing benefits. In addition to the direct reduction in wage compensation and associated reduction in eligibility for benefits, we also found that increasing minimum wage led to less consistent work schedules, both in terms of the number of hours employees worked from one week to the next, and in terms of the timing of those shifts. A \$1 increase in the minimum wage corresponded to a 33.0% increase in fluctuations in the number of hours worked per week, a 9.5% increase in fluctuations in the number of hours worked per day, and 9.8% increase in fluctuations of shift start times. Furthermore, this negative impact on scheduling consistency was generally more severe for workers who had held their jobs for less time, suggesting that newer employees were particularly impacted by these shifts. Research has shown that a lack of schedule consistency can make it significantly harder for hourly workers to coordinate job activities with their personal lives, balance multiple jobs, and ensure long-term financial stability. Between these three factors, our data suggests that the combination of reduced hours, eligibility for benefits, and schedule consistency that resulted from a \$1 increase in the minimum wage added up to average net losses of at least \$1,590 per year per employee — equivalent to 11.6% of workers' total wage compensation (and this is assuming that workers were able to use their reduced hours to work a second job — an assumption which may not hold true for many employees).

Corporate Innovation

Living wage wrecks corporate innovation, which is key to reducing product costs for consumers, which solves poverty

Phillips 12 [Brian Phillips. The Fallacy of "Living Wage." 2013/03/06 <http://capitalismmagazine.com/2013/03/the-fallacy-of-living-wage-2/>]

If the advocates of the "living wage" are truly convinced that arbitrary government dictates have no detrimental consequences on jobs, why don't they advocate a "prosperity wage"? Instead of legislating a wage that allows families to "get by," why don't they legislate a wage that allows families to prosper? In other words, instead of a "living wage" of \$10 an hour (or whatever the figure may be), why don't legislators force businesses to pay \$100 an hour? One would think that the answer is obvious, but apparently it isn't. Few, if any, businesses could afford to pay \$100 an hour. They would not create new jobs, and they would likely cut most of the jobs that they currently have. The results would be catastrophic. The difference between a "living wage" and a "prosperity wage" is only one of degree. The principle is the same. A "prosperity wage" would be devastating to jobs. So is a "living wage," a minimum wage, or any other government mandated wage. The only difference is the number of jobs and lives destroyed. The real issue is not the nominal wage—what a worker is paid. The real issue is real wages—what that pay will purchase. If a worker's pay increases 10% but prices increase 20%, he is not better off. His money does not purchase as much. However, if his wages decrease by 10% while prices fall 20%, he can purchase more even though he makes less money. To most Americans, the idea of falling prices probably seems like a fantasy. Prices for energy, health care, and food seem to increase almost daily. But consider computers, cell phones, and flat screen televisions—their prices have fallen significantly. And in the late 19th century, wages fell while prices fell even more. Between 1870 and 1889, wages for non-farm labor decreased from \$1.57 per day to \$1.39 per day, a decrease of 10.2 percent. During the same period, the Consumer Price Index decreased 28.9 percent. Even though wages for unskilled labor fell by more than ten percent over twenty years, prices fell by nearly three times as much, that is, a dollar bought a lot more. Further, there was much more available: Canned goods became widely available in the 1880s, which provided a much more varied diet, such as fruits and vegetables that were not in season; refrigerated railroad cars made it possible for urban residents to eat fresh meat, grapes, and strawberries more frequently; improvements in the sewing machine enabled manufacturers to mass produce clothing at low prices; department stores offered consumers wide selections in clothing, household goods, and more. In short, the unskilled worker's life was immensely better in 1889 than it had been in 1870. In a free market, this will always be the case. The items that are rapidly increasing in price today are, in general, heavily regulated industries. Government intervention stifles innovation and makes production more expensive. The items that are falling in price are in industries that are less regulated, which means more innovation and greater ease of producing those values. The fundamental issue is not wage rates, but productivity. When production increases, prices fall. This was true of kerosene, which the price of kerosene steadily decreased from fifty-eight cents a gallon in 1865 to ten cents a gallon in 1874. It was true of the Model-T, which decreased from \$850 in 1908 to \$290 in 1924. When prices fall, a consumer can purchase more of the given item, even if his own wages decrease. But why would a worker's wage decrease. Again, the issue is productivity. If a worker desires a higher wage, he must produce more in a given period of time. A farmer who uses only manual labor can only grow, for example, 100 bushels of corn a year. A farmer who uses animal labor can grow 1,000 bushels of corn a year. A farmer who uses machinery can grow 100,000 bushels of corn a year. As the farmer produces more his income increases. The focus on wages reverses cause and effect. The focus on wages is a focus on consumption—what a worker can buy from his wages. But an individual cannot consume until he produces, unless he wishes to live as a parasite. Government

intervention impedes production. Government intervention prevents individuals from starting businesses, creating jobs, developing new products or processes. Government intervention prevents individuals from acting on their own judgment. If someone wants to offer a job with a pay of \$2 an hour, he should be free to do so. If he cannot attract enough workers at that wage, he will need to offer more or go out of business. If a worker is willing to work for \$2 an hour, why should anyone prevent him from doing so? If the business owner judges that a job is only worth \$2 an hour, he should be free to act on his own judgment. If a worker judges that a job paying \$2 an hour is his best opportunity, he should be free to act on his own judgment. Government intervention in the employer/employee relationship prohibits each from acting as he thinks best for his own life. Like all advocates of government intervention, the advocates of a “living wage” believe that they know what is best for other individuals. They are willing to use government coercion to dictate how others may live their lives. Ironically, and sadly, while advocating a “living wage” they simultaneously seek to prohibit others from actually living.

Hurts Low Wage workers

Living wage won't help those who actually need it, best studies

Lammam and Macintyre 20 [[Charles Lammam and Hugh Macintyre] Charles Lammam is an economic and policy professional with over a decade-and-a-half of combined experience as a think-tank scholar and thought leader, trusted strategic advisor to government, executive leader at a financial services member association, and consultant to private for-profit and non-profit corporations. Hugh Macintyre is a senior policy analyst at the Fraser Institute. "Living wage laws don't help the most vulnerable" (2020, April 24). Fraser Institute. <https://www.fraserinstitute.org/article/living-wage-laws-dont-help-most-vulnerable>]

The minimum wage debate raging in the United States has spilled into Canada sparking renewed interest in government-mandated wage floors. Labour activists are out in full force pushing governments to legislate higher pay for low-wage workers and one version calls on municipalities to decree a 'living wage law.' While these laws may sound like a good idea in theory, they do little to help the most vulnerable workers in practice. Living wage laws require private employers who do contract work for a city to pay their workers a wage that affords a certain living standard. Unlike minimum wage legislation, living wage laws cover smaller groups of workers and typically require a much higher wage. The living wage in New Westminster, B.C. (Canada's only city to enact such a law) is currently set at \$19.62 per hour, almost double the provincial minimum wage of \$10.25. Other Canadian cities have contemplated living wage proposals including Calgary, Ottawa, and Hamilton. In the United States, over 140 municipalities have passed a living wage law and the evidence from there should serve as a cautionary tale for us in Canada about more widely adopting such laws. The American experience shows that living wage laws reduce employment opportunities for low-wage workers and fail to help the most impoverished families. None of this should be a surprise to those familiar with the research on minimum wages. When governments mandate a wage above the prevailing market rate, employers respond by cutting back on jobs, hours, and on-the-job training. Less skilled workers 'those with fewer qualifications and experience' end up as collateral damage in the process. That conclusion is supported by the best and most rigorously analyzed evidence on living wage laws. Yet labour activists tend to overlook these consequences and instead focus only on the benefits of such policies. In reality, while some workers may benefit from a higher wage, their gain comes at the expense of others who lose employment opportunities. According to research by David Neumark and Scott Adams, leading scholars in the field, a 100 per cent increase in the living wage (say going from an hourly minimum wage of \$10 to \$20) reduces employment for low-wage workers by 12 to 17 per cent. Workers adversely affected lose valuable employment income and the ability to gain new skills and experience that would help them advance up the income ladder. Other research shows that employers also respond to living wage laws by hiring more qualified workers to justify the artificial wage increase while passing over those with less skills. This is a highly perverse outcome since less-skilled workers are presumably among the very people the policy is intended help. If employers end up hiring more productive workers who would have been paid a higher wage anyways, it defeats the purpose of adopting living wage laws in the first place. And living wage laws often don't help the poorest families. A key reason is that the overwhelming proportion of beneficiaries tend not to be poor. In one study of seven major U.S. cities, researchers found 72 per cent of workers benefitting from living wage laws were not poor. Of the 28 per cent who were considered poor, only one-third moved above the poverty line. Aside from the failure to actually help the poorest workers, living wage laws can also lead to higher municipal taxes. This occurs because municipal governments are typically the customer of firms affected by living wage laws. And this unique arrangement allows businesses to more easily pass on the artificially higher labour costs to their customer rather than scale back on employment. The cost of city services will increase when local governments absorb the higher labour costs. That ultimately means higher municipal taxes or reduced spending on other services. Taxpayers and city residents lose both ways. Some taxpayers may be willing to accept more costly city services if it helped those most in need, but the evidence shows otherwise. Living wage laws reduce employment opportunities for low-wage workers. Those that do benefit from a

higher wage are often more productive workers and not necessarily the poorest families. Activists calling on municipalities to adopt living wage laws would do well to look at the evidence and reconsider their position.