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The Federal Minimum Wage, Political Thought and Citizenship

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Abstract

Several questions about the minimum wage have not been answered adequately by scholars. The wage's origins, its reasons for federal passage, the roots of its decline, and its future prospects are all up for debate in the current literature. This paper weighs in on these questions, hoping to improve the debate surrounding them. In the process, the importance of linking the wage to citizenship becomes clear. As the political thought of the issue has moved away from conceiving of minimum wages as tools for reaffirming the status of low wage workers, support for the wage, and its monetary value, has declined. The need for a more responsible scholarship about the minimum wage, one without ideologically biased preconceptions, is also addressed.

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Introduction: Understanding the Minimum Wage

Where did the idea of a minimum wage come from? Why did the federal minimum wage get enacted when it did? Why did the wage decline in political importance as well as real monetary value, starting in the 1970s? What is the likely future of the minimum wage? These basic questions about one of the oldest and most symbolic federal labor market policies have not been adequately answered by scholars. This paper weighs in on these questions, hoping to improve the debate surrounding them. In the process, the importance of linking the wage to citizenship becomes clear. As the political thought of the issue has moved away from conceiving of minimum wages as tools for reaffirming the status of low wage workers, support for the wage, and its monetary value, has declined.

Exploring these central questions about the wage illustrates that the political thought about the policy has had fused political and economic implications from the time of the wage's conception during the late nineteenth century. At the end of the nineteenth century, labor unions wanted to ensure that hourly wage workers would be considered citizens just as much as independent yeoman farmers had been. Minimum wages provided reassurance that the economic status of a wage worker was tied to the political status of full participation in American society. To unionists, the wage was about more than just preventing starvation or economic efficiency.

As the decades have passed since the wage's inception, various groups have advocated in favor of minimum wages. Not all of these groups have been

equally enthusiastic advocates. This paper attempts to show that as advocates have eroded their linkage of the wage to citizenship, their support of the wage has weakened. While President Roosevelt and his New Deal tied the minimum wage to full political status and achieved substantial progress on wage legislation, the issue waned in importance as liberals linked the wage only to subsistence.

Among the present advocates, the lack of a revival of the larger political dimensions of the wage most likely signals that a substantially higher wage floor will not be passed.

This paper also attempts to address the inadequate answers to the questions laid out above by defining a responsible approach to scholarship of the minimum wage. This approach improves on the perspectives of not only many conservative scholars who take a narrow economic view of the policy, analyzing it only from the viewpoint of economic efficiency, but also many liberal academics who assume that the minimum wage is beneficial and ignores the potential drawbacks of the wage in their work. These narrow approaches to the subject have prevented scholars from robustly evaluating the federal wage floor. In their analysis of minimum wages, economists need to look beyond disemployment effects, just as liberal scholars and community activists need to look beyond vague notions of justice. This paper proposes a responsible scholarship of the wage that incorporates and balances considerations of political thought and economic efficiency.

The minimum wage issue in particular is so interesting and instructive partly because the economics of the issue are so unclear. Dozens of studies on the

issue over several decades have come up with contradictory findings again and again, with some economists each claiming the wage has negative, positive, or negligible effects (Nordlund 148). Therefore, the economic literature has largely canceled itself out, leaving the issue as a judgment call for politicians. Yet they cannot just ignore the issue as a meaningless policy. The wage impacts millions of workers and employers. Without an economic consensus to rely on, ideology becomes more important. Political thought about government regulation, poverty, the value of work, and community have all heavily factored into the handling of the issue by political actors. Examining how in fact historically and presently the Congress and the federal political system have processed the issue, with unusual array of political and economic forces, provides a nuanced understanding of trade offs, judgment, relative power of actors, priorities, and public policy making in the United States over the last century.

The policy is relatively simple, so it and its consequences can be readily identified, studied, and evaluated. The wage also has a long history, so it is possible to meaningfully compare and include numerous time periods, from the inception of the idea of a “living” wage with the late nineteenth century labor movement, to the present program administered by the federal Labor Department and advocated for by progressive activists.

Thirty one states (as of January 1st, 2008), encompassing a large majority of the US population, have set their own minimum wages at rates above the federal level (*Minimum Wage Laws*). As the inflation-adjusted value of the federal wage has eroded downward from its high point in 1968, more states have

decided to set their own policies. Yet the focus in this paper is on the federal wage. This project leaves task of analyzing state level developments to further research and assessment. While it is true that an emphasis on national level policy may miss some significant details of wage policy, an analysis of state-by-state developments would yield quite a long and unwieldy story. A federal focus is appropriate because all of the major trends in political thought on this issue can be captured at the national level. Federal policies are also ultimately the only ones capable of affecting the continental scale of the American economy. Moreover, since the 1930s the states have built off of national wage policy, and not vice versa.

A wide variety of sources have been consulted in order to build the arguments in this paper. Three kinds of books are cited most frequently: works that analyze the economics and politics of the minimum wage, histories of the relevant time periods, and primary sources that advocate for or against wage or illustrate the political thought of an era. Several journal articles in each of these categories have been helpful, as has the Department of Labor website. Other miscellaneous sources include interviews with sources on Capitol Hill, newspaper articles, and court decisions. Put together, this range of sources allows this paper to analyze the relationships between an array of intellectual, political, and economic factors that have shaped the minimum wage over the last 120 years. Besides the overarching claim about the erosion of the wage and its link to political status, this analysis has yielded the following conclusions, which are phrased as corrections to misperceptions in much of the existing literature.

First, chapter 1 explains that the minimum wage was conceived by organized labor, not by the Progressive Movement. The progressives certainly played a vital role in advancing minimum wage legislation and intellectual justifications of the policy, but some scholars' claims that progressives invented the wage floor concept are not borne out by fact. Second, chapter 2 shows that the federal wage passed when it did only because of highly unusual factors, such as the Great Depression, the court packing attempt, and the innovations of New Deal political thought. Passage of a national minimum wage was not part of an inevitable march toward higher living standards and economic security in America. Third, chapter 3 claims that the wage declined in real value starting in the 1970s because of the combined effects of the halfhearted support of liberals, the decline of organized labor, the strengthening of conservatives in Congress and the presidency, and the emergent predominance of neoclassical economic thinking. Finally, chapter 4 argues that the federal wage is not poised for comeback, despite the hopes of progressive activists of the contemporary living wage movement.

Chapter 1: Organized Labor, Progressives, and the Wage

Scholars have regularly misattributed the beginnings of the minimum wage to the progressive movement. To fully understand the political thought and interest groups connected to the wage, it should be pointed out that progressives did not invent the idea of a wage floor, organized labor did. For example, Jerold Waltman of Baylor University, who specializes in the politics of the minimum wage, makes the mistake of placing the birth of the idea of a minimum wage with progressive reformers, leaving out labor's contribution. "The existence of a legal minimum wage in the United States is directly traceable to Progressivism... It was Progressives who first laid the intellectual foundations necessary for a minimum wage to even secure a hearing" (Waltman 10). Willis Nordlund, author of *The Quest for a Living Wage*, makes the same mistake, stating "Minimum wage programs did not have their origins in the United States" while ignoring the crucial role of unions in incubating the political thought behind such wage legislation.

In contrast, scholar Lawrence Glickman is right to point out that the American minimum wage did not originate with the progressives. As the following discussion makes clear, the historical record shows that the late 19th century labor unionists were earlier advocates of the idea.

The term "living wage," the predecessor of "minimum wage," came into use after the 1877 railroad strike. Glickman traces labor's concern with wages to the emergent dominance of wage employment, which largely replaced artisan or cooperative employment among the working class after the Civil War. At the

time, it was not clear if wage labor was consistent with individual freedom, democracy, justice, and citizenship. A Jeffersonian political economy of self-sufficient yeoman farmers had provided a framework for citizenship. Wage-earning factory workers, dependent upon owners for their livelihoods, were looked at as practically slaves.

Yet as the century went on, workers redefined wage work to be acceptable in what Glickman calls a producerist interpretation, based on the value of production. Through their labor, workers added value to a product. Laborers should therefore be entitled to this added value. In Glickman's view, "while it rested to some degree on the idea that wages should enable a worker to live in modest comfort, fair wages discourse defined economic justice as a productive equivalence, a direct correspondence between the value of work performed and wages paid. The formula generally called for 'fair wages' in exchange for a 'fair day's work.' Fair wages in this view amounted to a fair price, that is, the full productive value of one's labor" (Glickman 67). Employers should pay fair wages that reflected the value that workers added to the product.

A bit later in the century, labor took a fateful "consumerist" turn. In this view, "Living wages" should be set at levels that meet the consumption needs of workers. As Glickman defines it, this conception of the policy "is a wage level that offers workers the ability to support families to maintain self respect and to have both the means and the leisure to participate in the civic life of the nation" (66). American Federation of Labor (AFL) President Samuel Gompers demanded wages commensurate with an "American Standard of Living" and that would

prevent breadwinners from becoming “non-consumers” (Glickman 78). Notice that in this conception of wages, there is no mention of the market price for labor or of the value of a worker’s added product. Instead, pay would be determined based on the needs of a worker to maintain a family and participate in community. Wages demanded under this theoretical foundation were higher than under the producerist framework. In fact, once needs-based demands came along, opponents of living wages often insisted that workers be paid according to the added value of their work, also known as their producerist value. This consumerist needs-based rhetoric insisting on living wages was widely adopted by the labor movement by 1900.

Consumerism had political consequences. With a living wage, workers could feed their families and have enough left over to participate in the public sphere. Labor’s conception of the living wage stood at the heart of a political economy of citizenship for the emerging society of wage earners. High living wages were the foundation of citizenship because they provided the freedom and ability to participate in civic affairs. “Workers produced goods and sold labor power. With their free time and wages, they consumed, thereby becoming owners of labor and citizens. In this web, consumption played a singularly important role, linking workers not only to production but also to public life” (Glickman 103). Consumption was a source of power, status, and citizenship for the working class.

Yet this needs-based consumerist concept of wages did not totally replace the producerist idea of basing wages on the value of labor. At the dawn of the last

century, the living wage and the minimum wage represented two competing conceptions of how to reward labor. These ideas provided the intellectual foundation for later legislation and modes of thinking about wages during the twentieth century.

Glickman's identification of organized labor as the genesis of living wages has proven influential among scholars. While the aforementioned misattributions by Waltman and Nordlund were written before Glickman published *A Living Wage* in 1997, many works published since then have given credit to the intellectual contributions of the labor movement. Oren Levin-Waldman, for example, citing Glickman in *The Case for the Minimum Wage: Competing Policy Models* wrote in 2001 that "the minimum wage began as an attempt to achieve a living wage and build a consumer society" (7). These ideas came from labor unionists.

Another contribution from the labor movement was theorizing the communal dignity of labor. Unlike modern theorists of work, who emphasize the idea that people expect to be individually suited to their careers, industrial workers in repetitive and backbreaking jobs found dignity and satisfaction in the communal product of their labor (Muirhead 3). Through labor, they collectively supported the community and advanced the nation. Part of constructing a conception work with dignity and consistent with citizenship was demanding eight hour days, decent working conditions, and a living wage (Glickman 107). Around 1900, social reformers calling themselves "progressives" brought many of labor's ideas into the mainstream of American politics.

Indeed, scholars may have good reason for mistakenly claiming that progressives created the minimum wage. Progressive writers often claimed to have invented the idea of a living wage (Glickman 131). Furthermore, while the labor movement provided the intellectual foundation of the wage, they did not actively support minimum wage legislation before 1920. Instead, they preferred to set wages through collective bargaining with employers. The American Federation of Labor (AFL), the largest and most politically savvy trade union group of the period, did not have minimum wage on one of its first platforms in 1898, or on its more comprehensive platform for its energetic launch into electoral politics during the election of 1906 (Greene 109). Instead of the minimum wage, core labor issues (such as legislatively reversing judicial strike injunctions and maintaining workers' right to collectively bargain) formed the nucleus of the AFL's political agenda. It should also be remembered that the AFL mostly represented decently paid workers in specific skilled crafts who often earned more than proposed minimum wages.

Even the most radical factions in the labor movement representing the lowest paid workers, such as the International Workers of the World (IWW), did not endorse government set minimum wages. This socialist labor confederation eschewed active participation in national electoral politics because many of its members (blacks, immigrants, and women) were disenfranchised and harbored a deep suspicion of government, which they saw as an elite-dominated tool of coercion rather than a social equalizer. Instead of lobbying for legislation, IWW leaders were focused on ameliorating specific grievances in the workplace

through negotiation with employers. The only engagement with the political system they wanted was to destroy it in a socialist revolution (Dubofsky 90). Even if the IWW, which had considerable clout during the 1910s, had chosen to endorse the wage, its radical alignment with socialists would have sharply limited its political effectiveness. Despite its legislative inaction, organized labor nurtured the ideas of community, regulating employers, workers' solidarity, and the link of full participation in American life with adequate wages. All of these provided the intellectual context with which the Progressive Movement would ally with and borrow from to advance the cause of minimum wages.

Just because progressives did not create the idea of the wage does not mean we should ignore or belittle their contributions to the wage's history and political thought. Their thinking about wages had several interlocking tenets. Like the labor movement, Progressives accepted the emerging industrial urban capitalist society, but they wanted to make it humane for all (Waltman 14). Progressivism was essentially a response to this new industrial economy, a reaction that aimed to reform, not to rebel, and to reconstruct, not to regress (Link 51).

The progressives were also heavily influenced by religion. Mostly coming from mainline Protestant denominations, they worked to advanced Christian values in industrial relations and wage setting. This social gospel gave a lasting moral justification to wage advocacy. (Many religious organizations advocated for the minimum wage increase in 2007.) Catholic theology of the time period also explicitly endorsed a living wage. Father John Ryan, a priest, wrote *A Living*

Wage, which famously spelled out a Catholic political economy that included living wages for all as a natural right from God (Ryan xii).

One central aspect of the progressive Christian outlook was its concern with community. They wanted reforms that would acknowledge concern for all social groups and elevate the public good. A minimum wage was one such policy. Progressive calls for an “American standard of living” appealed to the idea of a national community infused with moral standards (Waltman 15). This rhetoric is similar to earlier demands of the labor movement, but the deep concern with Christian morality and community that underlies it made progressive thought distinct. It also made these ideas distinctly persuasive during the first decades of the twentieth century.

Progressives justified intervention in the free functioning of the labor market with the belief that markets not unalterable natural creations. God was natural and unalterable. In contrast, markets were instruments that generally helped achieve efficiencies, but needed government intervention to make them function smoothly. Labor had also rejected solely market-determined wages when unions demanded wages based on the needs of workers to consume at levels that would allow them to fully participate in their community rather than be wage slaves. Progressive intellectuals also approved of unions because they raised wages and equalized employer-employee positions.

Progressives even viewed the business closures caused by minimum wage laws as cleansing the market and society of inefficient enterprises (Waltman 16). It was felt that firms with business models based on exploiting workers with very

low wages should be forced to improve productivity or face bankruptcy. In the absence of reliable empirical evidence about the extent of business closures caused by minimum wages, progressive scholars' support for the wage is an early example of an irresponsible approach to the issue. For the most part, they refused to balance their principled commitment to morality and community with the practical needs of firms. These elements of the movement's political thought may have tempted scholars to believe that the wage was a progressive creation.

Yet the progressive's ideology was never wholly committed to the minimum wage. A whole branch of progressive political thought called for reform, rather than reconstruction by big government. Called the New Freedom and led by Woodrow Wilson, this strain of thought called for reforms that "envisaged the destruction of special privileges [and monopolies], restoration of the reign of competition, and reliance for future progress on individual enterprise. On social and economic Justice, Wilson was somewhat ambiguous" (Link 119). Not wanting to support government rearrangement of social and economic relationships or granting protection to special classes, he did not endorse the wage in the presidential campaign of 1912.

The other main strain of progressive thought, called the New Nationalism and championed by Theodore Roosevelt, was more amenable to government wage setting. It emphasized new forms of muscular public regulation over trade and welfare-enhancing programs for vulnerable groups. Yet even some progressives in this strain did not support extending the wage to men (Waltman 17). The "Bull Moose" Progressive Party in 1912 endorsed minimum wages only

for women, for example (Link 110). As a result of their partial ideological commitment, progressives proved to be uneven advocates for the policy. It was never at the top of their agenda, unlike other issues such as trust-busting or corruption fighting.

The Progressive movement also lacked organized labor's emphasis on constructing a political economy of citizenship. Instead of citizenship and working class solidarity, progressives focused on concerns of religious morality and community. They wanted a "moral" or "social" political economy.

Many progressives were from the middle class, and therefore they were not quite as willing as working class laborers to call for a living wage based on consuming at the level of an "American Standard of Living" rather than a minimum wage based on subsistence (Glickman 136). It was fine to morally condemn starvation-level wages; higher living wages that ensured citizenship status were another thing. Progressive reformers were split about which policy was superior; this ambiguity about the actual desirable levels of wages was reflected in their diction. Many progressives used the term "living wage" as a synonym for "minimum [subsistence] wage" (Glickman 132). As they pushed legislation, progressives may have also settled for minimum wages because they were simply lower and easier to write into law than living wages, although Glickman ignores this possibility. As Waltman puts it "morality commanded a decent living for all; practicality made the minimum wage the most workable answer" (15). After "living wage" was co-opted by the progressives and turned into a synonym for the minimum wage, the labor movement remained lost

enthusiasm for the term, although it kept the goal of a political economy based on relatively high working class wages. “The term ‘living wage may have temporarily lost its place in labor rhetoric; yet the ideas and practices it represented and promoted became central to the discourse of the revived labor movement in the Depression decade. ...the legacy of the living wage was central in the construction of the New Deal consumerist political economy” (Glickman 132).

Even if it tended accepted minimum wages over living wages, the progressive movement made great strides toward legislating into reality a more humane industrial society and a social political economy. The movement was fully engaged in politics. It sponsored and enacted “the most far-reaching and significant economic and social legislation in American history before 1933” (124). Reformers pushed the minimum wage through many state legislatures, with a young Felix Frankfurter leading the way to the nation’s first wage floor statute in Massachusetts in 1912. After a few years of additional advocacy by progressive groups like the National Consumer’s League, more than a dozen other states had passed their own minimum wage laws. On the national stage, Woodrow Wilson’s Democrats eventually gave in to the prodding of progressive activists when they outlawed child labor and added the minimum wage to the 1916 campaign’s national party platform. By the time the movement had run its course in 1920, even the Republican Party, urged on by its progressive wing, had officially endorsed the idea on its platform (Glickman 135). Although progressives were not the wage’s author, they were its chief advocates.

Although subsumed for a time by progressive ambivalence, the idea that wages played a key role in working class citizenship would rise again. In Congressional testimony in 1937, John L. Lewis, President of the Congress of Industrial Organization (CIO) [an *unskilled* labor union federation], stated that the FLSA ““will bring a greater measure of leisure and economic well-being”; and ‘the pending measure will offer to these unfortunate victims of our existing economic system and opportunity to rise to industrial citizenship’” (Nordlund 37). This echoes earlier ideas of the labor movement, ideas that gave birth to a commitment to minimum wages before the Progressive Era. While the wage was never a top priority of labor unions, their thinking about its contribution to citizenship and a consumer economy has remained largely consistent throughout the decades.

Doldrums of the 1920s

The decade started off looking bright for reformers. Although the progressive movement was waning, it was still scoring significant victories for wages in state legislatures. By 1923, 14 states and the District of Columbia had enacted minimum wage laws. That same year, however, the Supreme Court invalidated the District of Columbia’s minimum wage in *Adkins v. Children’s Hospital* on the grounds that it violated the right of freedom of contract between employees and employers. The wage therefore constituted an illegal forced payment from employer to laborer (Waltman 29). This reasoning insulted the values of many labor activists and progressives who claimed that freedom of

contract was unobtainable in the presence of unequal power of employers over employees. Even many middle class progressives agreed that it was impossible to separate questions of the value of work from issues of power in the industrial workplace. For the rest of this relatively conservative decade, there were few developments concerning the minimum wage.

Chapter 2: New Dealers and National Passage

After the long series of state level innovations, struggles, and setbacks, a federal minimum wage finally passed in 1938. The Fair Labor Standards Act (FLSA) set a minimum hourly wage at \$0.25, to be raised eventually to \$0.40 in 1945. The amended FLSA and its minimum wage provisions are still in effect today. The vast majority of employers and hourly workers are covered by the law (Nordlund 224).

The link of citizenship to minimum wages was made particularly clear during the Roosevelt Administration. Inspired by the labor activists and progressive reformers before them, New Dealers made the link between the wage and citizenship explicit at times, and had this consumption based status of workers enacted into federal law.

Scholars have also not made clear that the passage of the minimum wage was based on unusual and fleeting circumstances. The economic conditions of the Great Depression were highly distressful and demanded a response from policymakers. Furthermore, the political thought of New Deal reformers was historically atypical and supported the minimum wage extremely well. Instead of seeing FLSA passage as unusual, there is a tendency to perceive it as natural or inevitable, as part of an immutably rising standard of living for all Americans. This perception betrays a shallow understanding of the Depression period. For the sake of understanding the minimum wage today, its place in history must be clarified.

Many scholars, including Willis Norlund, author of *The Quest For a Living Wage: The History of the Federal Minimum Wage Program*, describes events surrounding the minimum wages in the United States in terms of an “evolution” from the Progressive Era to the present (Norlund 1). The term “evolution” implies a natural process with slow and steady progress. In reality, the wage’s history has been marked by long periods of backsliding, with great advances occurring during short windows of reformers’ political dominance.

One of these windows was during the first two terms of President Franklin Roosevelt’s administration. At this time, the government was grappling with the unusually harsh economic conditions of the Great Depression. Sharp declines in average hourly wage rates and weekly hours worked illustrate the challenges policymakers had to deal with. Hourly wages sank from \$0.59 in 1929 to \$0.49 in 1933, while weekly hours worked also dropped during the same years from 48.3 to 36.4. Workers who had jobs considered themselves lucky. Unemployment reached an unprecedented 25% in 1933, the climax of the Depression and the year of FDR’s 100 days.

Moreover, when Roosevelt eventually sent a minimum wage bill to Congress in 1937, he urged its passage by stating without exaggeration that ““one third of our population...is ill-nourished, ill-clad, ill-housed”” (Waltman 32). Policymakers widely agreed that “something had to be done” to fight the Depression and were therefore unusually receptive to change (Norlund 7). In *A Commonwealth of Hope*, Alan Lawson even goes so far as to call the New Deal “the most comprehensive moment of national reform in American history”

(Lawson 1). To him, the distinctiveness of this moment stemmed from the rare depth of the period's economic crisis. Scholars who leave out the extraordinary nature of the circumstances surrounding the passage of the wage are omitting an essential explanatory feature of the wage's birth.

Under these distressing conditions, the first major step taken toward establishing minimum wages was the National Industrial Recovery Act (NIRA). This 1933 law required industry committees representing labor and management to draw up "codes of fair competition" that would set prices, production levels, minimum wages, and maximum hours for each industry. In theory, these codes were supposed to stabilize the economy and halt the downward slide of wages. New Dealers believed that the "harmonious economy" or "cooperative commonwealth" created by NIRA and other measures would replace the cutthroat competition which had caused the growing inequality of wealth during the 1920s (Norlund 8). In the view of FDR's partisans, the Depression was precipitated by this "unbalanced economy," composed of a small wealthy elite and the under-consuming masses.

Critics labeled the intra-industry cooperation of the NIRA "an American form of corporatism," and indeed they were correct that the codes encouraged cartel-like behavior (Brinkley 12). Yet the Act represented a breakthrough in national protective labor legislation. "The NIRA can be credited with breaking down legal and political barriers to Federal action in the field of... wages and hours legislation, and other later achievements of the New Deal" such as the Fair Labor Standards Act (Norlund 9). Labor's right to organize and bargain

collectively was also legally guaranteed for the first time in the NIRA. Under the distressing circumstances of the Depression, laissez faire political thought had been decisively set aside, making way for the setting of minimum wages in the name of the common man.

The NIRA did not last long. Administering the codes proved to be an unworkably complex task, producing confusion and irritation among business and labor interests. When the Supreme Court declared the program unconstitutional in the 1935 decision *Schechter Poultry Co. v. U.S.*, few groups were unhappy to see it pass away (Brinkley 13). A series of further court cases imperiled the entire New Deal shift toward government intervention in the economy, including minimum wage legislation.

The controlling precedent on minimum wage was 1923's Supreme Court decision *Adkins v. Children's Hospital* in which the majority struck down a District of Columbia law that fixed a wage floor for women. Justice Sutherland was extremely disapproving of the wage, writing

“the feature of this statute which, perhaps more than any other, puts upon it the stamp of invalidity is that it exacts from the employer an arbitrary payment for a purpose and upon a basis having no causal connection with his business, or the contract or the work the employee engages to do.” Moreover “it ignores the necessities of the employer by compelling him to pay not less than a certain sum, not only whether the employee is capable of earning it, but irrespective of the ability of his business to sustain the burden...” (Nordlund 23).

He continued

““A statute requiring an employer to pay in money, to pay at prescribed and regular intervals, to pay the value of the services rendered, even to pay with fair relation to the extent of the benefit obtained from the service, would be

understandable. But a statute which prescribes payment without regard to any of these things and solely with relation to circumstances apart from the contract of employment, the business affected by it and the work done under it, is so clearly the product of a naked, arbitrary exercise of power that it cannot be allowed to stand under the Constitution of the United States” (23).

These quotations are a clear expression of the freedom of contract and due process arguments that opponents of the wage used for decades. They reflect a clearly limited conception of the government’s constitutional power to regulate business operations and economic activity. In this view, federal authority over interstate commerce did not extend to wage setting. Similar arguments carried the day in decisions such as *Morehead v. Tiplado* (1936), which struck down state minimum wage measures (Nordlund 34).

Just a few months after *Morehead v. Tiplado*, however, the court made a massive switch. It upheld minimum wage laws as a “reasonable exercise of the police power of the State” in 1937’s *West Coast Hotel Co. v. Parrish*. The opinion asked:

“What can be closer to the public interest than the health of women and their protection from unscrupulous and overreaching employers? And if the protection of women is a legitimate end of the exercise of state power, how can it be said that the requirement of the payment of a minimum wage fairly fixed is not an admissible means to that end?” (Nordlund 26)

This turnaround by the court, from a harsh dismissal of the wage to unapologetic acceptance, begs an explanation.

Although noted progressive economist Henry Seager predicted during the 1920s that a “gradual revival of progressive thinking” would make the Court amenable to wage-setting, the evidence shows that the justices had not changed their rulings as part of some generational shift or steady evolution (Nordlund 25).

Instead, they were intimidated by the exceptional historical circumstances of the Great Depression, the dominance of FDR as President, and the supermajorities of Democrats in Congress after the 1936 landslide election. It is tempting to see the Court's remarkable judicial reversal as part of Seager's rising progressivism or Nordlund's "evolution" to a higher state of existence, but the truth is that highly circumstantial forces were at work.

Although there is considerable controversy about why the justices switched sides, court watchers at the time "concluded that the justices had sensed political danger, if not from court packing then by some other means to curb their power and simply decided 'a switch in time saves nine,'" despite claiming a more legalist justification for the switch based on the relative strength of precedent among the various similar cases (Lawson 177). Much of the "political danger" for the Court stemmed from Roosevelt's attempt to add new justices to the court with his court packing legislation. Even though the plan never passed Congress, it had achieved the goal of making the judiciary more willing to accept New Deal policies. Indeed, the overwhelming number of Democrats in the House (331 Democrats) and the Senate (89 Democrats) made the court packing scheme more of a credible threat than it would have been during most other eras (Lawson 164). In the coming months, not only were minimum wages upheld, but so also were the protective labor clauses of the Wagner Act in the 1937 decision *National Labor Relations Board v. Jones and Laughlin Steel Co*), which guaranteed collective bargaining rights once and for all. Whatever the reason for the switch,

it was clearly not the result of some constant progression toward a regulated economy with higher living standards.

Besides a judiciary under pressure, another contributing factor to the passage of the minimum wage during the 1930s was the political thought of the New Deal. The ideas of this reform movement strongly supported the federal wage, perhaps more than any other movement discussed in this paper. Two central tenets of New Deal thought were work and security. On work, New Dealers felt that the government should ensure that every able American had access to a job which did not exploit them. Avoiding exploitation and ensuring dignity meant minimum wages and collective bargaining (Brinkley 17). Security meant that workers could rely on the government to correct the worst abuses of the free market. This belief also supported wage floors, as well as social security and deposit insurance. These ideas were more than responses to hard economic times; they were real ideological commitments to new ways for public laws and institutions to improve the lives of average citizens. The New Dealers believed in an “obligation of the leaders government to work aggressively and affirmatively to deal with the nation’s problems” and ideas that “embraced Keynesian economics and a vision of a sturdy welfare state” and “helped shape the next great experiments in liberal reform in the 1960s” (Brinkley 2,19).

Discussing the political philosophy of the New Deal is problematic because the central leader of the movement, President Roosevelt, lacked a doctrinaire approach. He often preferred pragmatic policy experimentation to theoretical purity. Yet his administration brought to government a range of

progressive and liberal ideas that inspired numerous long lasting reforms. On the campaign trail, FDR often emphasized his pragmatism, saying “I am a Christian and a democrat, that’s all” (Lawson 3). Although Roosevelt’s ideas were often not crisply delineated (partly to leave himself room to maneuver) he was undeniably “a liberal reformer”, who advanced a vision of a cooperative polity with common ground for individualism and big government. Roosevelt believed government could act as the guarantor of not only economic security, but also individual liberty (Lawson 2). To New Dealers, the minimum wage was a regulatory policy that promoted individual independence through fairly compensated employment.

A further attraction of fairly compensated employment was that it would prop up consumer purchasing power, a part of the economy that sorely needed help during the contractionary circumstances of the decade. The more money that workers had in their pockets to spend, the more stable the economy would become, and as a result everyone would be better off. New Dealers much preferred to raise the wages of workers rather than let the money be hoarded by the rich elite, who employed workers. If these purchasing power arguments sound similar to earlier claims by labor unionists about the need for adequate consumption by workers, the New Deal version is comparable, except that it was brought into the political mainstream by Democrats and it particularly suited the unique economic context of the decade (Glickman 128).

This powerful strain of thought is continues to be used by Democrats today. In an interview for this paper, increasing aggregate consumption was cited

by a legislative aide to Senator Hilary Clinton as one of the reasons Mrs. Clinton supported the wage (Maughan 4/7/08). “[The minimum wage] provides a pay raise... to help pay for groceries, housing, energy costs and all of the other necessities of every day life” (Maughan). Here, notice that support for the wage was couched in terms of supporting consumption. While Hilary may not openly endorse a citizenship-minimum wage link, the roots of her ideas lay with New Dealers and labor unionists, who openly tied consumption to citizenship.

Alongside purchasing power arguments, many New Deal Democrats also advocated for passage of the minimum wage with the same arguments used earlier by progressives: protecting the health and morals of workers and religious probity required a wage floor. Yet as seen above these arguments are not what swayed the Supreme Court to finally accept a minimum wage. As Levin-Waldman puts it, “More was needed than a moral argument for a minimum wage floor” (74). The extra ingredient that spurred the wage to passage and seemed to place it squarely in the public interest was the notion that the wage could shore up purchasing power. The wage not only fit into the economic policy goals of depression fighting, but also fit with the stressed on work and security in the political philosophy of the New Deal.

Part of why New Deal thought was unique was the highly leftist influences on some members of FDR’s brain trust. Columbia Professors Rexford Tugwell and Adolf Berle, two of the President’s top economic advisors, had become advocates of national economic planning while observing Soviet practices during the 1920s (Lawson 50). Although their ambitious public planning schemes were

never implemented, the fact that these men influenced the economic orientation of the administration represents a clear high tide of communist influence in American politics. Soviet-inspired presidential advisors would have been completely unacceptable after World War II. It was during this brief moment of exceptional leftist sway, when policymakers were particularly amenable to attaching a political content to the wage, that the federal minimum wage was enacted.

FDR went as far as to propose an economic bill of rights in his 1944 State of the Union address. This so-called “second Bill of Rights” included education, health care, homeownership, and “the right to earn enough to provide adequate food and clothing and recreation” (Roosevelt 1). This presidential endorsement in front of Congress of the living wage as integral to citizenship represented the high water mark of this idea’s acceptance in American politics. These rights gave political meaning to economic conditions by explicitly tying together American citizenship and earning enough for adequate consumption and thereby full participation in civic life. The fact that most of these economic rights were never adopted shows how stymied the New Deal was when viewed by its creators and how far America still is from the reformist vision of the cooperative commonwealth proposed by Roosevelt (Lawson 2). The minimum wage is a piece of that commonwealth that did get passed, but only under unusual circumstances, and should be understood as vulnerable to attack by many of the same forces and that resisted the New Deal.

Although innovative, New Deal political thought was not revolutionary. In a time of rising fascism and communism, the New Deal was in fact relatively conservative because it preferred to preserve the capitalist system. A young Hubert H. Humphrey excitedly wrote in his master's thesis about the political philosophy of the Roosevelt Administration that "the New Deal, faced with an unprecedented economic collapse of the domestic and world economy, chose the course of moderation and rebuilding. It acted boldly to stabilize and to rehabilitate the economic mechanism. It religiously preserved the profit system, even at the price of vast subsidies and direct financial aid to millions of consumers" (Humphrey 6). He went on to claim that "It seeks to preserve the capitalistic system, but the operations of that system are to be hedged in the interests of the security of the workingman, the farmer, and the small investor. It has no desire to destroy individual liberty, but rather seeks to adjust personal freedom with the social good" (12). The experimentation of the 1930s was innovative, but not radical. As Brinkley describes it, "New Deal liberalism...sketched a vision of government that would compensate for rather than challenge the limitations of capitalism" (Brinkley 18). By stemming the Depression and providing security to workers, the Roosevelt administration helped preserve capitalism and democracy in America.

A final piece of evidence that supports the unusual circumstances of the minimum wage's passage was the extremely controversial status of the Fair Labor Standards Act as it progressed through Congress. Resistance to the New Deal at this time (1936-37) was building, and the FLSA would have had little chance of

passing if the number of congressional Democrats had been more in line with historical norms. Indeed, John Forsythe's "Legislative History of the FLSA" describes the minimum wage as the most controversial part of the most controversial bill in U.S. history up to that date. The American Federation of Labor, usually a staunch supporter of worker protections, even expressed ambivalence about the law, due to its potential to usurp labor unions in their role as negotiators of workers' wage increases (Forsythe 470). All in all, 10 versions of the bill were introduced, with significant revisions in each draft (Forsythe 474). Even when Roosevelt called a special session of Congress in 1937 to consider the legislation, the FLSA was not passed. There was nothing inevitable about the minimum wage's passage at the federal level. The substantial resistance to the FLSA reflected the wariness with wage and hour legislation after the failure of the NIRA and the growing political opposition to the New Deal (especially among Democrats from the South – a low wage region not pleased with the idea of Northern liberals imposing higher pay rates) during Roosevelt's second term (Levin-Waldman 89). When the FLSA did finally pass in 1938, the mandatory wage had been lowered to the harmless level of \$0.25, down from the administration's original proposal of \$0.40. Congress's cooperative honeymoon with FDR during the Hundred Days of 1933 had long since passed. The window for major domestic reforms was closing in 1937-38, and would shut completely a couple of years later when the nation's attention turned to World War II.

Evaluating the New Deal: A Living Wage or a Minimum Wage?

The growing, if not successful, web of minimum wage legislation of the 1920s set the stage for concepts of a living wage and a minimum wage to make it into the mainstream of American national politics in the 1930s. When the Great Depression brought concern with wages to the front of national politics, lawmakers faced a choice between adopting a living wage or a minimum wage. As detailed previously, living wages were conceived and favored by labor unions because they recognized workers' as foundational to their citizenship and guaranteed a reasonable standard of living (Glickman 103). Minimum wages, by contrast, had greater middle class support. A minimum standard would prevent abject poverty while coming closer than a living wage to remunerating workers based on the value of their work. When liberal forces gained dominance in the Congress and the White House during the Great Depression, they were finally in a position to enact federal legislation regulating wages.

The legacies of the progressives and the labor movement offered policy makers a choice between either a living wage, focused on the consumption needs of the working class, or a minimum wage, determined based on the actual value of labor and ensuring subsistence. Lawmakers incorporated elements of both into the National Industrial Recovery Act of 1933 and the later Fair Labor Standards Act. By explicitly calling the new relatively low \$0.25 wage floor a "minimum wage," architects of the New Deal partially sided with setting wages based on the value of labor.

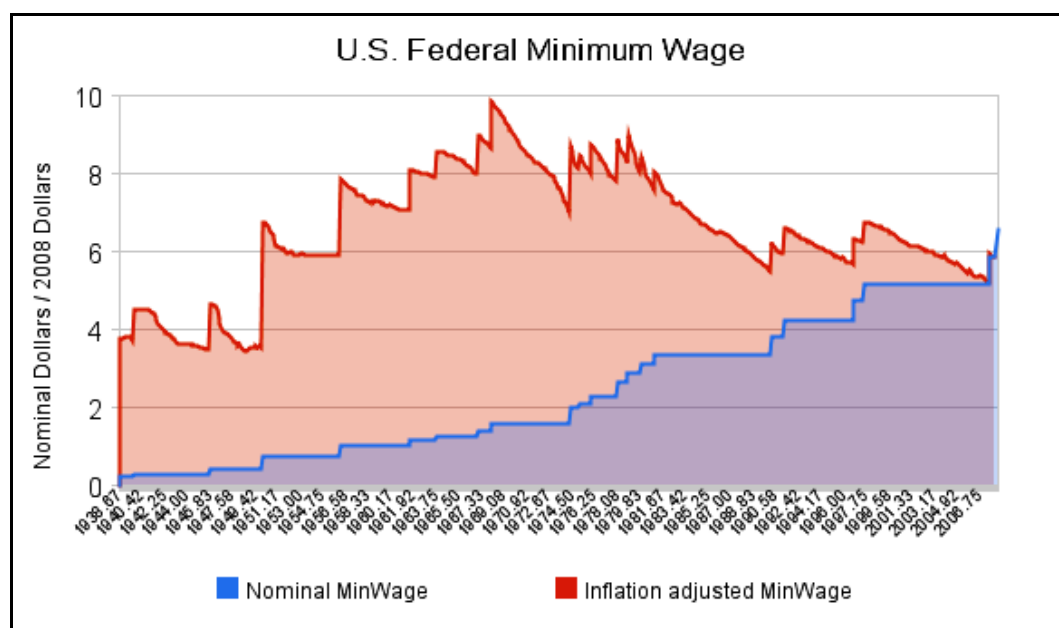
Yet proponents of the policy at the time also acknowledged that adequate levels of consumption by the working class should be a public policy goal, too.

As discussed above, New Dealers argued that a minimum wage would support purchasing power. This was a turning point for federal legislation.

“Consumerism as [labor] activism was replaced by consumerism as public policy, shifting from a labor strategy to a strategy promoted by government and business” (Glickman 128). The vision of a worker as a consumer and a citizen was enacted into law. For decades, labor activists had dreamed of a consumerist economy where higher wages drove more consumption, which would drive more production in a cycle of economic advancement (Glickman 103). This vision still largely reflects reality of the modern US economy. Fully realizing a prosperous consumer economy composed of citizen-workers would have to wait for the prosperity engendered by World War II, but the consumerist ideas that were partially incorporated into the federal minimum wage legislation in the 1930s reflected a commitment to move towards that goal.

Chapter 3: The Wage in Decline

As seen in the chart below, the minimum wage rose steadily in real value to nearly \$10 in 1968. After that, however, the wage went through long periods of stagnation, which translated into a declining inflation-adjusted value. By mid-2007, the wage had not been raised for nearly a decade and was at its lowest real value since 1950. This erosion has taken place even as enhanced labor productivity should have been *increasing* wages. A rollback clearly has occurred (Pollin et al. 12).



(United States. *History of Federal Minimum and Consumer Price Index*)

Scholars cannot agree on why the wage declined in relative monetary and political value during the 1970s and 1980s. Some scholars place blame for the wage's decline on the parallel decline of organized labor, while other writers blame liberals' half-hearted commitment to the policy. Still other scholars point to the rise of Reagan conservatives in Congress and the spreading popularity of their ideology. Finally, the new intellectual dominance of neoclassical economic

thinking, which was largely accepted by conservatives *and* liberals, has been cited as a cause of the wage's erosion. The following discussion makes clear that all of these factors played a significant role in weakening the wage; none of them should be ignored. Furthermore, these factors combined to largely disassociate the wage from citizenship. By emptying the policy of its political content, the wage has become more of an economic statistic than an ideological commitment to fully including low wage workers in the public life of the nation.

Analyzing the typical legislative struggle surrounding post-1945 minimum wage increases shows how each factor (the decline of labor, the weak commitment of liberals, the rise of conservatism, and the ascendance of neoclassical economic thought) has contributed to the decline of the wage. Legislation to raise the wage floor is usually initiated by labor organizations and staunchly liberal Democratic allies in the Congress. Yet when labor has made the wage a priority, fewer and fewer policymakers have cared as the percentage of unionized workers and the resources of labor PACs have steadily withered over the last 50 years (Levin-Waldman 158). While unions' supportive stance has remained unchanged, their voice has diminished. This is particularly important because, as this section will show, labor was one of the only groups after during the last few decades with a strong ideological commitment to the wage, a perspective that linked adequate wages to the full status of workers in society.

Levin-Waldman irresponsibly and with a clear liberal bias blames the decline of unions (and the minimum wage) on a management-government anti-unionization conspiracy spearheaded by Reaganites, while ignoring workforce

changes, and a lack of energy in the trade union movement (Levin Waldman 9). This is an example of the liberal shallowness that a responsible scholarship of the wage should aspire to overcome.

As union influence has faded, liberals have had to play an increasingly important role in supporting the minimum wage. Senator Edward Kennedy, a leading liberal, has been a vocal advocate for every minimum wage increase since the Ford Administration. Yet the wage has had only a peripheral place in liberal political thought, contributing to the policy's weakness. Many liberals have been more concerned about issues of identity politics or the rights revolution than wage policy.

A new group of activists with a distinct vision of American political economy emerged out of the New Deal and reached the peak of power during the 1960s. These social welfare liberals have been the main advocates of the minimum wage since the Second World War until the present. Although other groups, such as organized labor and modern progressives, have also supported wage legislation, social welfare liberalism has been the most influential force for decades. The political thought of these liberals dropped the prior emphases on religion and consumerist citizenship. The argument that the minimum wage should add to purchasing power was rarely made by these liberals. "Initially [during the 1930s] it was believed that the minimum wage would be of concern to all because it would affect the stability of the entire labor market. Today, it is believed that the current minimum-wage labor market has little connection to the overall market" (Levin-Waldman 8). These liberals were far more concerned

with reducing poverty and economic inequality than they were with a larger conception of citizenship. As a result, several scholars including Waltman blame liberals for the wage's decline. "Social welfare liberals view the minimum wage as a cash transfer program, and not a very important one at that" (Waltman 23). The minimum wage was no longer thought of as a demand stimulation (full employment) policy that provides workers a full place in American life, but rather as a welfare policy.

Along with focusing on poverty, many liberals, in their pursuit of rights for particular groups (African Americans, homosexuals, criminal suspects, the disabled) deemphasized the idea of the collective and the communal. Franklin Roosevelt's vision of a cooperative commonwealth was sidelined (Graham 314). Group identity rather than collective identity became the focus.

As historian Otis Graham describes it, "The 'L-word' now seemed the third rail of American politics, synonymous, in Reagan and Bush rhetoric, with ACLU softness on crime, suspicion of the military, 'tax and spend' economics, indifference to the values of family and flag" (Graham 311). Liberalism became publicly defined in cultural, rather than economic, terms. As a result, the Democratic Party's base has been eroded not only by the shriveling of organized labor but also by the departure of Southerners and Catholics alienated by liberal excess (Graham 311). Many liberals with had only lukewarm enthusiasm for the wage, a policy that seemed peripheral to their central cultural agenda of expanding civil rights.

Advocates of the wage had to wait until the 1980s for studies to be published showing that the decline of the wage contributed to widening income inequality (Levin-Waldman 7). Liberals, who list inequality as a growing concern, should perhaps bring the wage closer to the core of their agenda. When viewed as a universal social policy (indeed some labor influenced advocates would call it the glue in our social compact), rather than just an anti-poverty policy, the wage would appear more important to liberal Democrats.

As labor has withered and liberals have shifted their focus away from building the cooperative commonwealth, conservative forces have remained potent and even strengthened in some ways. President Reagan helped bolster conservatives' numbers in Congress and served as a bulwark against the minimum wage. On the campaign trail, he declared ““The minimum wage has caused more misery and unemployment than anything since the Great Depression.”” Acknowledging no citizenship implications in the wage, Reagan instead viewed it as an inefficient economic policy, saying ““a lot of our ills are due to the minimum wage...[and therefore] the very least we should do is...have a lower minimum wage today for young people who are entering the job market for the first time”” (Norlund 189). During his eight years in the White House, Reagan refused to sign an increase. President George W. Bush took a similarly anti-wage stance, although he was forced to go along with an increase in 2007 in the wake of losing control of Congress and dissatisfaction with the war in Iraq.

Employer associations have remained a potent conservative advocacy group working against the wage. The business community's most powerful

political advocacy organizations include the National Association of Manufacturers, the United States Chamber of Commerce, and the National Federation of Independent Business. These groups have led the fight in Washington against the minimum wage for decades, arguing that the policy causes employment losses, business relocations, and an unacceptable restriction on the freedom of firms. Employer associations have proven quite effective. For example, when unions funded the Economic Policy Institute, a left-leaning Washington think tank, the restaurant industry sponsored the creation of the Employment Policies Institute to perform research and advocacy against minimum and living wages (Fox 4). Every minimum wage increase must overcome the opposition of these conservative employer groups.

Outside of Congress, neoclassical economic thought, emphasizing deregulation, gained dominance among economists during the 1970s and 1980s. This development also worked against the wage. Neoclassical economists viewed the wage as an inefficient interference with the market, and produced studies showing the negative impacts of the wage on employment and prices. During this “Decade of Empiricism,” the shift away from institutional economics, which emphasized the cultural and unequal power relations that help determine wages, and instead toward a more free market approach began to influence policymakers (Norlund 143).

Acceptance of neoclassical economic thought, with its emphasis on efficiency and research purporting to show that minimum wages cause layoffs, became so widespread that even the New York Times began to editorialize

against the minimum wage during the 1970s and 1980s, writing that a high minimum wage “offers no remedy” and that “employers would respond to the higher minimum by curtailing production and switching to labor-saving machinery” (McKenzie 52). One Times editorial from 1987 was even entitled “The Right Minimum Wage: \$0.00” and argued that “there’s a virtual consensus among economists that the minimum wage is an idea whose time has passed. Raising the... wage by a substantial amount would price working poor people out of the job market” (McKenzie 122). Liberals have been willing to adopt this language of economic efficiency and advocate for minimally inefficient well-targeted social policies like the Earned Income Tax Credit. Therefore, the minimum wage, which is relatively poorly targeted and inefficient (18.2% of minimum wage workers had family incomes above \$80,000 in 2005), has appeared less attractive (Mayer 18). Yet by accepting the criteria of economic efficiency to evaluate policies, liberals are implicitly devaluing the more symbolic role of the minimum wage as a guarantor of an American standard of living and full citizenship to the lowest paid workers.

With liberals conservatives, and prominent economists all sidelining the link to full status via adequate consumption, the minimum wage has lost a potent justification. Moreover, the combined effects of declining unionism, unenthusiastic liberals, strengthened conservatives, and anti-regulation economists has weakened the minimum wage. As a result, the minimum wage has had a low political importance and monetary value during the present decade.

Chapter 4: Contemporary Battles and Future Stagnation

In the wake of the most recent increase in the minimum wage passed Congress in 2007, there is no consensus among scholars about where the wage is headed from in the future. Many scholars have not had time to evaluate the latest round of legislation or have ventured to make predictions about upcoming events. Yet the few who have are split. Some see a bright future, especially for the living wage movement, while others have only ominous predictions for the wage policy. Unfortunately for low wage workers, a wide reconnaissance and synthesis of the present scholarship reveals that little progress is likely anytime soon.

As shown throughout this paper, labor unions have historically been a key constituency in support of wage-bolstering policies, but cannot be relied upon in the future to substantially advance minimum wage legislation. Union membership and political clout is in decline, and they view the wage as a peripheral issue, although to a lesser extent than liberals (Levin Waldman 141). When unions have had a choice to commit to throw their political resources behind core labor issues (such as laws affecting organizing drives or strike practices) or to push for minimum wage increases, core issues have taken priority (Nordlund 73). That is not to say unions are withering into irrelevancy. Over the last decade, a growing service sector with many low wage workers has given newfound clout to some organizations like the Service Employees International Union (SEIU), which includes janitors, home healthcare aides, and child care providers. These low-wage occupations are likely to remain significant parts of the economy for years to come. The minimum wage will be particularly relevant

to these workers and their political representatives. The SEIU, for example, made last year's wage increase one of its three top issues (Service Employees) and was the source of Senator Hilary Clinton's proposal to index the wage to Congressional pay increases (Maughan 4/7/08). On the whole, however, the heyday of organized labor's ability to influence the political system has passed.

Waltman prescribes that through embracing "civic republicanism," a new progressive path is possible. A key part of this path involves turning politics toward a political economy of citizenship, one that will put more focus on the minimum wage and its inadequacies. Like earlier consumerist ideas, the thinking here is that workers are unable to act like full citizens if they are not paid a living wage (Waltman 25). Some progressives may have already made this turn toward inclusive political economy. Their attention to raising the minimum wage to the level of a living wage via the living wage movement indicates their concern with more than just poverty but also with equity throughout the economic and political systems.

The time may be right for these progressives to make substantial headway. If the 2006 election was any indication, a new Democratic presidential administration is likely to come to Washington in 2008. The electorate is not only leaning farther to left, it is also hungry for action on domestic issues. As David Brooks commented in a recent New York Times column, voters are in a "post war mentality", meaning that they are less concerned with national security than earlier in the decade and more concerned with socially-oriented problems like health care and housing (Brooks A17). In Brooks's view the shift in outlook

includes a shift in values, from toughness to cooperation. The spirit of this dawning period may carry forward progressive legislation addressing issues of economic inequality, labor, and wages. It remains to be seen if modern progressives are willing to go further than their liberal predecessors toward acknowledging the links between democratic citizenship and wages in their legislation, but some commentators think it is certainly possible.

Levin-Waldman suggests that a real commitment to the least paid workers and achieving a living wage means that labor market policy should move beyond the minimum wage. He suggests a true living wage, somewhere above \$10 an hour, to ensure that workers earn incomes above the poverty line and can support a family, and mandated employer training to bring workers' skill levels in line with the higher mandated pay. He also suggest that a return to the New Deal policy of the government as the "employer of last resort" (paying a living wage) will tighten the job market and thereby raise wages. Levin-Waldman acknowledges that his calls for a comprehensive employment program are ill-suited to the current political climate suspicious of expansions in government intervention in the economy. He therefore calls for a shift in priorities and political thought to a stance that demands real gains for low-income workers (187). He does not address whether or not this is a realistic proposal.

Levin-Waltman also suggests that the current political dichotomy of the minimum wage debate is portrayed as a choice between youth disemployment and poverty alleviation. The debate avoids the question of whether the minimum wage is the best method to achieve a true living wage. Indeed, he suggests that it

is not. Not only is the minimum wage policy flawed, he also claims the political thought of the issue is, too. He treats the political rhetoric with along the economic policy. To him, changing one is the key to advancing the other.

Despite the hopes of some commentators, there is just no communitarian basis in today's mainstream political thought to support a substantially higher minimum wage—a living wage—on the national level. Senator Obama stresses community more than other candidates, indeed he has a past as a community organizer in low wage urban areas. He goes farther than Senator Clinton by proposing indexing the wage to inflation (“Economy”). Obama is the best hope this year for moving toward a living wage.

Beyond this year, the living wage movement provides another source of possibility for higher wage levels. Sklar et al. prescribes community action and organizing to pass living wage ordinances (72). To Sklar, such activity can fulfill the hopes of a sustained ideological commitment to economic justice that many progressives profess (4).

The current reemergence of living wage campaigns in municipalities across the country demonstrates the enduring influence of the labor movement's original rhetoric and ideas (wages based on needs rather than value of work) surrounding work, as well as a turn farther away from market-based thinking (Sklar et al. 89). These campaigns have had striking success, achieving passage of over 80 living wage ordinances between 1994 and 2003 (Levi, et al.). The highest local wage is \$9.50 in Santa Fe, New Mexico. Advocates of these policies are often progressive activists that have substantially different views from

social welfare liberals on wage issues. Modern progressives, like the progressive movement a century before them, value community and are unwilling to countenance some members of their communities earning subsistence level wages or worse. Indeed, living wage campaigns are often rooted in civil society networks of specific neighborhoods, usually consisting of coalitions between locally rooted labor unions, religious institutions, and community organizations (Levi et al. 7).

Robert Pollin, an active economist-activist author, also argues for a federal living wage, and provides a practical way to achieve it (via indexation coupled with carrying out studies that show that jobs are not destroyed by the increases) (107). Yet even this advocate, who firmly places himself in policy terms within the contemporary living wage movement, shows a limited commitment to the ambitious political ideas associated with a living wage since its beginnings with organized labor. For example, although Pollin even cites Glickman's conception of the living wage being "at a level that offers workers the ability to support families to maintain self respect and to have both the means and the leisure to participate in the civic life of the nation'" (104). Pollin leaves these communitarian goals behind for the rest of his paper, never fleshing them out, and goes on to only justify his objective of living wage in the negative terms of *a lack* of disemployment and inflationary effects, instead of the positive terms of *enabling* citizenship, democracy, and community solidarity.

Pollin, whose policies go much farther than the current Democratic Congress, thinks like a social welfare liberal, elevating economic efficiency above

justice or solidarity, and concluding that “Nobody would want to raise the minimum wage mandate to a level that would discourage employment. The most effective strategy would be to push the minimum wage just to the point before it does begin to discourage hiring” (106). President Roosevelt, in contrast, was willing to countenance layoffs to achieve gains in the political and economic status of workers with a legal right to a living wage. With advocates like Pollin, the contemporary political thought of the wage issue will probably not get us to a living wage in the foreseeable future.

As discussed in earlier sections, while groups like liberals and organized labor have declined, the opposition has remained at least constant. For example, even when multi-billion dollar small business tax cuts were added to the Fair Minimum Wage Act of 2007, which will raise the real minimum wage only 4% over its recent peak level in 1997, three Republican Senators still voted against the bill (“Senate Roll Call Votes” and Pollin et al. 12). These Senate holdouts desire an outright repeal of the wage 70 years after its initial passage. There are many more such stalwarts in the House.

In his statement supporting passage of the combined minimum wage – small business tax cut bill, President Bush made no mention of the ideas of justice, community solidarity, purchasing power, or poverty. Instead, he praised the bill for “helping maintain a strong and dynamic labor market and promoting continued economic growth” (“President”). By emphasizing dynamism, he may have even been supporting keep the wage *low*. Clearly, conservatives aligned

with the President are not giving up much ground to the wage, politically or ideologically.

Today in Washington, conservatism has been weakened but not discredited. Its ideology and its political actors will remain potent forces. While Mitt Romney and Ron Paul represented respectively the business and libertarian wings of the Republican Party, their combined popularity in 2007 shows that political thought hostile to the wage still has broad appeal. (Ron Paul has been trying to repeal the wage since 1983 (Nordlund 182)).

In Congress and around the nation, liberals are still the core constituency and activist group of the Democratic Party. Chairman Charles Rangel and Chairman Ted Kennedy, for example, were not only the central figures in Congressional passage of the 2007 increase, but also leading Washington liberals. They have continued their relatively weak ideological commitment to the wage and have not moved it to be a more central part of their political vision for the country, although admittedly it is a part of their agenda, albeit mostly a symbolic one.

Centrist Democrats in the mold of Bill Clinton also have mustered only a weak endorsement of the wage. Their economic thought has favored public investment as a tool “to upgrade the economic vigor of the nation as a whole” and to enhance America’s international economic competitiveness (Rosenof 169). Although President Clinton supported an increase of the minimum in 1996, saying “it’s hard to raise a family on \$4.25 an hour. We must make sure that the minimum wage is a living wage”, neither wages nor the idea of a strong social

compact ended up being the guiding concerns of his policies (Nordlund 207). The revised Clintonian liberalism of the 1990s failed to elevate the lowly status of wage policy on the political agenda.

Liberals first went through genuine introspection during the 1990s (Graham 315) and this proceeded “haltingly” according to Graham. Al Gore’s toned down liberalism showed no signs of substantial energy or rejuvenation. That may be changing in 2008 with the invigorating Presidential race and spreading living wage campaign, but “liberal” remains a stigmatized term.

Overall, it is unrealistic to be optimistic about the future of the issue. The most recent increase barely makes up for inflation, while still giving businesses a multi-billion dollar tax break. Substantial progress would require much greater trade offs than Democratic leaders –all liberals—will probably be willing to make for this mostly symbolic issue (Waltman 23). They were not willing to compromise with the Republicans on approving Reagan’s judicial nominees in 1988 or the repealing the estate tax in 2006 to get a minimum wage increase (Nordlund 185 and Hulse 1). Raising the wage is just not that important.

Historian Otis Graham, a fan of liberal self-criticism, comments that “Whatever is ahead, at the start of the twenty-first century the liberal narrative is fragmented into confusion, the connections to the mainstream public lost, along with a convincing vision of what the historical moment [post 9/11] requires” (Graham 317). Here, fragmented is the key word. Some segments are energetic and expanding such as the SEIU, living wage campaigns, the Latino working class, and progressive bloggers, while many traditional Democratic constituencies

are stagnant or declining. Certainly, a decisive shift toward communal thinking among the whole American left is not evident. In the absence of such a shift toward concern for low-wage workers as part of the American whole and not just an unfortunate underclass, there is little hope for a recovery of the wage in value and political importance.

Without a solid ideological commitment to the wage among leading liberals, Nordlund claims the policy is particularly vulnerable because, as mentioned previously, it also has not demonstrated clear empirical benefits. This lack of concrete results has ominous consequences for the wage's future. Nordlund predicts that "If supporters cannot devise methods to unequivocally demonstrate the benefits and advantages of the program, it may at some point be the target for less sympathetic legislators" (xvii).

While the balance of forces does not herald a breakthrough toward living wages, perceptive observers of politics should not forget that a sea change the economic or political context, like another Depression, could occur. Just as the New Deal did, a political response to a political or economic shock could very well push the wage high on the political agenda once again.

Conclusion: Findings, Ambiguity, and Responsibility

The lack of consensus about the minimum wage is striking and has practical consequences. From the earliest debates about the issue just after the turn of the century to studies with exactly opposite conclusions in 2007, there has been research out there to that supports almost every viewpoint on the issue. Indeed, the economics debate is so clouded with a lack of consensus that it covers up underlying political issues that are at play, such as citizenship and the role of government in the economy (Levin Waldman xii).

Economic research first substantially took aim at the minimum wage in the 1940s with research published by Joseph Stigler. During the following decades numerous congressional reports and academic studies, based on various theories of how the labor market functions, have managed to provide backing every major ideological viewpoint on the wage (Card and Kreuger 370). For every perspective, there is a study to support it and a counter-study to refute it. While new findings continue to be published almost yearly, no new major economic theories about the wage have emerged (Card and Kreuger 13). For the interested reader, the best summaries of empirical findings on the minimum wage are found in Chapter 7 of Norlund's "The Quest for the Living Wage" (148) and throughout Fox's paper "Minimum Wage Trends: Understanding Past and Contemporary Research" published by the labor-allied Economic Policy Institute. In this scenario of static theory and countervailing research, professional economists have had little impact on the fate of the wage (Levin-Waldman 34). "The status of the minimum wage is contingent on the political landscape and

may have absolutely nothing to do with the predictive outcomes arising from economic models” (Levin-Waldman 2). Here, Levin-Waldman decisively takes the side of politics driving policy, claiming that one cannot understand the issue without understanding the political process around it. Therefore, the center of gravity in the debate is with relevant interest groups and senior members of Congress, who have a checkered record as supporters of the minimum wage.

The dubious standing of commonly held beliefs about the ill-effects of the minimum wage also casts doubt on common knowledge about other economic policy issues. Tax policy comes immediately to mind, where often-heard conservative claims about the recessionary consequences of tax increases may be more of a theory than a reality. Studies show that federal income tax decreases have little correlation with economic growth (“Tax Cuts” 4). When a consensus does not exist about an issue, it seems that the presence of any professional academic research on a policy topic is enough of a basis for political actors to advance a claim. When often ideologically-motivated claims are empirically controversial yet advanced anyway, the result is corrosive for the political system. The public does not know who to trust and misguided policy is created. To avoid such corrosion, political actors should raise the bar of professional agreement about research they cite, not only on the minimum wage, but also on other issues.

Overall, this paper has taken sides on a number of questions about the history of the wage, finding that that the minimum wage was conceived by organized labor, not by the Progressive Movement. The progressives certainly played a vital role in advancing legislation and intellectual justifications of the

policy, but some scholars' claims that progressives invented the wage floor concept miss the earlier contributions of organized labor, including the key linking of minimum wages to participation in civic life. During the 1930s, the economic context of declining wages became paramount, overwhelming most other concerns of policymakers about setting wage levels. This economic context combined with the political dominance of Roosevelt's New Deal to produce the right conditions for the passage of the federal minimum wage.

In contrast, the decline of the wage in the 1980s was the product of a combination of political forces, including the strengthening of the conservatives in Congress, the decline of unions, the weak place for the wage in liberal political thought, and the renewed faith in neoclassical economic models (which was an intellectual development rather than a change in the state of the economy or an electoral event). When this view of historical forces is applied to the present, there are no large shifts apparent in economic pre-conditions, political forces, ideology, or institutions that would propel major changes. Unfortunately for low wage workers in need, the outlook for the wage looks stable, albeit in a reduced state relative to the liberal heyday of the 1960s.

This paper has not addressed a prescient question, raised particularly by Willis Nordlund in his history of the implementation of the Fair Labor Standards Act: "Is the federal minimum wage program the appropriate device for ensuring a living wage to the nation's lowest wage earners?" (xvii). Without fully answering this question, Nordlund at least makes clear that the wage has not lived up to its supporters' expectations of being an antidote for social ills or the catastrophic

toxin for business predicted by its opponents. As this paper makes clear, the minimum wage floor does have considerable practical and symbolic importance, but more effective alternatives should not be ruled out.

A fair analysis of the wage and its potential alternatives is a necessary prerequisite to improving policy. Unfortunately, many scholars' works are skewed toward certain ideologies. A few examples of this biased scholarship were pointed out in this paper. Chapter 1's description of how progressive activists demanded minimum wages without empirical evidence of their affects, and chapter 3's account liberal of scholars that see conspiracies against labor rather than internal weakness illustrate some of typical shortcomings in work about the wage. Liberals take certain assumptions for granted, such as the harmlessness of minimum wages. In reality, some business owners look at their balance sheets and probably find minimum wage increases to be unaffordable. In-depth conservative critiques about the ramifications of minimum wages for liberty, for example, are absent here and in the scholarship. More conservative voices are needed, voices that do not just assume that the wage is evil, but rather carefully consider the economic and political ramifications of government wage setting. With these improved perspectives, scholars can produce a responsible body of scholarship about the wage that will better serve the needs of policymakers and low wage workers for more effective wage policies that have a genuine role for equity and efficiency.

Surprisingly, policymakers can safely ignore public opinion on this issue, or at least hold it constant. Waltman shows with decades of polling data that

about three fourths of the public consistently supports raising the minimum wage, including majorities in every demographic group measured. The wage and wage increases have registered majority support since polling on the issue began in the 1930s (Waltman 50). This is particularly interesting because many scholars of agenda setting, including Baumgartner & Jones, identify changes in public opinion as central causes of changing policy outcomes (16). Political support or opposition has been more varied and significant for wage policy outcomes at the elite level.

What cannot be ignored is the role of citizenship in the history of the wage. When advocates such as labor and New Dealers have found a larger political significance in the policy than just preventing starvation, the wage has taken on increased importance. From the beginning, labor unions have believed that the wage can raise workers' standard of living so that they can be full participants in their communities, full citizens. This political implication of the wage has eroded over time, and today there are scant traces of it among progressive Democrats, even within the living wage movement. If this country wants to achieve a national living wage, an expanded emphasis on the citizenship implications of the policy should be resurrected, however unlikely or unpopular that appears today.

Considering the facts and analysis of this paper, what should be the verdict on the wage? Even in light of the possible mal effects and general ineffectiveness of the wage to have an influence on aggregate economic indicators, the legislated floor for hourly pay prevents employers from paying starvation wages with

impunity. No one should forget that there are workplace environments in this country where the employer has considerable power over workers and their pay. Certainly some pockets of these workers are vulnerable to employer exploitation in the form of paying extremely low wages. The Congressional Research Service reports that 479,000 workers were paid the minimum wage in 2005 (Mayer 7). Over half of workers paid less than \$7.25 an hour had family incomes below \$40,000 (12). If the minimum wage prevents these working class people from being paid starvation level wages, even considering the rigidities imposed on business by the wage, then Americans are left with an economy that is humane and decent at some basic level. This goal is worth the cost, at least in any polity that values community, economic citizenship, and responsible scholarship.

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Appendices

Appendix Ia.

Historical Levels of the Federal Minimum Wage. From the Department of Labor.

FEDERAL MINIMUM WAGE RATES UNDER THE FAIR LABOR STANDARDS ACT

Minimum hourly wage of workers in jobs first covered by

<i>Effective Date</i>	<i>1938 Act</i> ¹	<i>1961 Amendments</i> ²	<i>1966 and Subsequent Amendments</i> ³	
			<i>Nonfarm</i>	<i>Farm</i>
Oct 24, 1938	\$0.25			
Oct 24, 1939	\$0.30			
Oct 24, 1945	\$0.40			
Jan 25, 1950	\$0.75			
Mar 1, 1956	\$1.00			
Sep 3, 1961	\$1.15	\$1.00		
Sep 3, 1963	\$1.25			
Sep 3, 1964		\$1.15		
Sep 3, 1965		\$1.25		
Feb 1, 1967	\$1.40	\$1.40	\$1.00	\$1.00
Feb 1, 1968	\$1.60	\$1.60	\$1.15	\$1.15
Feb 1, 1969			\$1.30	\$1.30
Feb 1, 1970			\$1.45	
Feb 1, 1971			\$1.60	
May 1, 1974	\$2.00	\$2.00	\$1.90	\$1.60
Jan. 1, 1975	\$2.10	\$2.10	\$2.00	\$1.80
Jan 1, 1976	\$2.30	\$2.30	\$2.20	\$2.00
Jan 1, 1977			\$2.30	\$2.20
Jan 1, 1978		\$2.65 for all covered, nonexempt workers		
Jan 1, 1979		\$2.90 for all covered, nonexempt workers		
Jan 1, 1980		\$3.10 for all covered, nonexempt workers		
Jan 1, 1981		\$3.35 for all covered, nonexempt workers		
Apr 1, 1990 ⁴		\$3.80 for all covered, nonexempt workers		
Apr 1, 1991		\$4.25 for all covered, nonexempt workers		

Oct 1, 1996	\$4.75 for all covered, nonexempt workers
Sep 1, 1997 ⁵	\$5.15 for all covered, nonexempt workers
Jul 24, 2007	\$5.85 for all covered, nonexempt workers
Jul 24, 2008	\$6.55 for all covered, nonexempt workers
Jul 24, 2009	\$7.25 for all covered, nonexempt workers

¹ The 1938 Act was applicable generally to employees engaged in interstate commerce or in the production of goods for interstate commerce.

² The 1961 Amendments extended coverage primarily to employees in large retail and service enterprises as well as to local transit, construction, and gasoline service station employees.

³ The 1966 Amendments extended coverage to State and local government employees of hospitals, nursing homes, and schools, and to laundries, drycleaners, and large hotels, motels, restaurants, and farms. Subsequent amendments extended coverage to the remaining Federal, State and local government employees who were not protected in 1966, to certain workers in retail and service trades previously exempted, and to certain domestic workers in private household employment.

⁴ Grandfather clause - Employees who do not meet the tests for individual coverage, and whose employers were covered by the FLSA on March 31, 1990, and fail to meet the increased annual dollar volume (ADV) test for enterprise coverage, must continue to receive at least \$3.35 an hour.

⁵ A subminimum wage -- \$4.25 an hour -- is established for employees under 20 years of age during their first 90 consecutive calendar days of employment with an employer.

<<http://www.dol.gov/esa/minwage/chart.htm>>.

Summary

Where did the idea of a minimum wage come from? Why did the federal minimum wage get enacted when it did? Why did the wage decline in political importance as well as real monetary value, starting in the 1970s? What is the likely future of the minimum wage? These basic questions about one of the oldest and most symbolic federal labor market policies have not been adequately answered by scholars. This paper weighs in on these questions, hoping to improve the debate surrounding them. In the process, the importance of linking the wage to citizenship becomes clear. As the political thought of the issue has moved away from conceiving of minimum wages as tools for reaffirming the status of low wage workers, support for the wage, and its monetary value, has declined.

Exploring these central questions about the wage illustrates that the political thought about the policy has had fused political and economic implications from the time of the wage's conception during the late nineteenth century. At the end of the nineteenth century, labor unions wanted to ensure that hourly wage workers would be considered citizens just as much as independent yeoman farmers had been. Minimum wages provided reassurance that the economic status of a wage worker was tied to the political status of full participation in American society. To unionists, the wage was about more than just preventing starvation or economic efficiency.

As the decades have passed since the wage's inception, various groups have advocated in favor of minimum wages. Not all of these groups have been

equally enthusiastic advocates. This paper attempts to show that as advocates have eroded their linkage of the wage to citizenship, their support of the wage has weakened. While President Roosevelt and his New Deal tied the minimum wage to full political status and achieved substantial progress on wage legislation, the issue waned in importance as liberals linked the wage only to subsistence.

Among the present advocates, the lack of a revival of the larger political dimensions of the wage most likely signals that a substantially higher wage floor will not be passed.

This paper also attempts to address the inadequate answers to the questions laid out above by defining a responsible approach to scholarship of the minimum wage. This approach improves on the perspectives of not only many conservative scholars who take a narrow economic view of the policy, analyzing it only from the viewpoint of economic efficiency, but also many liberal academics who assume that the minimum wage is beneficial and ignores the potential drawbacks of the wage in their work. These narrow approaches to the subject have prevented scholars from robustly evaluating the federal wage floor. In their analysis of minimum wages, economists need to look beyond disemployment effects, just as liberal scholars and community activists need to look beyond vague notions of justice.

A wide variety of sources have been consulted in order to build the arguments in this paper. Three kinds of books are cited most frequently: works that analyze the economics and politics of the minimum wage, histories of the relevant time periods, and primary sources that advocate for or against wage or

illustrate the political thought of an era. Several journal articles in each of these categories have been helpful, as has the Department of Labor website. Other miscellaneous sources include interviews with sources on Capitol Hill, newspaper articles, and court decisions. Put together, this range of sources allows this paper to analyze the relationships between an array of intellectual, political, and economic factors that have shaped the minimum wage over the last 120 years. Besides the overarching claim about the erosion of the wage and its link to political status, this analysis has yielded the following conclusions, which are phrased as corrections to misperceptions in much of the existing literature.

First, chapter 1 explains that the minimum wage was conceived by organized labor, not by the Progressive Movement. The progressives certainly played a vital role in advancing minimum wage legislation and intellectual justifications of the policy, but some scholars' claims that progressives invented the wage floor concept are not borne out by fact. Glickman framed labor's belief this way: "the living wage is a wage level that offers workers the ability to support families to maintain self respect and to have both the means and the leisure to participate in the civic life of the nation" (66). Labor incubated this idea for the progressives, and indeed this connection to citizenship has given the wage an political importance that has declined over time as this link has eroded.

Second, chapter 2 shows that the federal wage passed when it did only because of highly unusual factors, such as the Great Depression, the court packing attempt, and the innovations of New Deal political thought. Passage of a national minimum wage was not part of an inevitable march toward higher living

standards and economic security in America. In Congressional testimony in 1937, John L. Lewis, President of the Congress of Industrial Organization (CIO) [an *unskilled* labor union federation], stated that the FLSA ““will bring a greater measure of leisure and economic well-being”; and ‘the pending measure will offer to these unfortunate victims of our existing economic system and opportunity to rise to industrial citizenship’” (Nordlund 37). This echoes earlier ideas of the labor movement, ideas that gave birth to a commitment to minimum wages before the Progressive Era. While the wage was never a top priority of labor unions, their thinking about its contribution to citizenship and a consumer economy has remained largely consistent throughout the decades.

Third, chapter 3 claims that the wage declined in real value starting in the 1970s because of the combined effects of the halfhearted support of liberals, the decline of organized labor, the strengthening of conservatives in Congress and the presidency, and the emergent predominance of neoclassical economic thinking. While liberals viewed the “minimum wage as a cash transfer program, and not a very important one at that” and Ronald Reagan stating that ““The minimum wage has caused more misery and unemployment than anything since the Great Depression’” the wage was destined for a partial roll back (Waltman 23 and Nordlund 189).

Finally, chapter 4 argues that the federal wage is not poised for comeback, despite the hopes of progressive activists of the contemporary living wage movement. Even advocates of the wage such as Senator Obama, Senator Clinton, and activist-scholar Robert Pollin virtually ignore the citizenship justification of

the wage that was so powerfully wielded by the labor movement and New Dealers decades before. Without this commitment to this political content of the wage, it is doubtful the current advocates of the wage will fair much better than in recent decades.

Overall, this paper has taken sides on a number of questions about the history of the wage, finding that that the minimum wage was conceived by organized labor, not by the Progressive Movement. The progressives certainly played a vital role in advancing legislation and intellectual justifications of the policy, but some scholars' claims that progressives invented the wage floor concept miss the earlier contributions of organized labor, including the key linking of minimum wages to participation in civic life. During the 1930s, the economic context of declining wages became paramount, overwhelming most other concerns of policymakers about setting wage levels. This economic context combined with the political dominance of Roosevelt's New Deal to produce the right conditions for the passage of the federal minimum wage.

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\$40,000 (12). If the minimum wage prevents these working class people from being paid starvation level wages, even considering the rigidities imposed on business by the wage, then Americans are left with an economy that is humane and decent at some basic level. This goal is worth the cost, at least in any polity that values community, economic citizenship, and responsible scholarship.