

What is a Living Wage?

By Harlan Green / Special to VOICE

THE WASHINGTON POST PUBLISHED A RECENT INTERVIEW with new Democratic House Member Alexandria Octavia-Cortez in which she said, "I think it's wrong that a vast majority of the country doesn't make a living wage, I think it's wrong that you can work 100 hours and not feed your kids. I think it's wrong that corporations like Walmart and Amazon can get paid by the government, essentially experience a wealth transfer from the public, for paying people less than a minimum wage."

Is it true that most Americans don't make a living wage? Actually, that is not the right question we should be asking, which has been the subject of endless debate, anyway. What constitutes a living wage has to be different for each individual. Wouldn't someone born and raised amid extreme wealth, say, have a far different living wage than a religious ascetic?

Why not concentrate on what I believe Congresswoman Cortez is really talking about—the principle of fair play as applied to the majority of Americans? There are maybe 25 percent who live at or below the poverty line that have to work more than 40 hours per week to have a living income, depriving them of family, or enough leisure time to enjoy themselves. Europeans seem to have conquered the problem in countries like Denmark and the Netherlands, where the average workweek is 34 hours, with four weeks paid vacations and universal health care for their citizens.

Meanwhile, American conservatives have worked to lower taxes on the wealthiest, while enhancing the monopoly powers of corporations since at least 1980. It has resulted in the greatest income inequality in the U.S. since 1928, in the wealthiest country in the world, as illustrated by this well-known Piketty-Saez graph.



WashingtonPost-Piketty-Saez

The result has not been good for a participatory democracy. The American electorate has become polarized, which has brought out the worst in human nature—including anti-immigrant racism, white nationalism, and the tearing down of government regulations that safeguard health and the environment. The consequence is a much reduced middle class that once maintained civility in political discourse.

Even conservative Barron's Magazine editor Randall Forsythe mentions a 2017 Federal Reserve Consumer Finance study that showed the huge wealth disparities during the recent federal government shutdown—four in ten Americans would have difficulty in meeting a \$400 emergency expense—while the top one percent of income earners now own 50 percent of stockholdings.

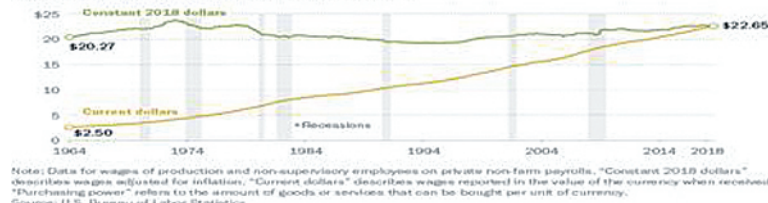
PEW Research in a 2018 report, reports that year-over-year average hourly earnings have been rising at two to three percent. "After adjusting for inflation, however, today's average hourly wage has just about the same purchasing power it did in 1978, following a long slide in the 1980s and early 1990s and bumpy, inconsistent growth since then. In fact, in real terms average hourly earnings peaked more than 45 years ago: The \$4.03-an-hour rate recorded in January 1973 had the same purchasing power that \$23.68 would today.

We are seeing the results of the singular focus on private profits rather than public welfare spending that includes adequate healthcare, improved infrastructure, and educational facilities that would elevate America back into the pantheon of western countries, instead of becoming an outlier that is



Americans' paychecks are bigger than 40 years ago, but their purchasing power has hardly budged

Average hourly wages in the U.S., seasonally adjusted



Note: Data for wages of production and non-supervisory employees on private non-farm payrolls. "Constant 2018 dollars" describes wages adjusted for inflation. "Current dollars" describes wages reported in the value of the currency when received. "Purchasing power" refers to the amount of goods or services that can be bought per unit of currency. Source: U.S. Bureau of Labor Statistics.

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withdrawing from the developed world.

Maybe we are also seeing how the word socialism is beginning to scare the wealthy to return some of their newly-begotten wealth to bring back a democracy that benefits the majority of Americans.

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'14	142	132	141	186	207	174	196	179	171	160	137	170
'15	142	113	235	202	226	210	207	217	155	149	124	150
'16	126	118	153	166	220	195	174	214	187	161	158	159
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