

PATHWAYS TO PROGRESS: U.S. needs to commit to paying a living wage

Economist says we should dignify workers with a wage they can live on

Kenneth L. Stewart and Casey Jones

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Jeffrey Sachs has spent three decades helping developing countries to become effective participants in the global economy. His work has made him one of the world's most renowned and influential economists.

In his recent book, "The Price of Civilization," Sachs looks homeward to America and asserts that citizens and leaders must develop new habits of what he calls "mindfulness" if the nation and its communities are to retain their vitality on the global stage of the 21st century.

It is unusual to see a leading economist write beyond the key principles of business practice and profit making, but Sachs thinks a renewed habit of civic engagement is essential to rescue the nation from its sagging economic performance and sustain it for future decades.

Other required habits of mindfulness, as Sachs views it, are a need to revitalize an ethic of compassion and cooperation in America, and a much expanded acceptance of diversity.

In thinking about diversity, Sachs has much more in mind than the simple notion that Americans should be more tolerant or respectful of racial, cultural, religious or other differences among people.

He expands the acceptance of diversity to encompass actions that, in a serious and continuous way, include a much more varied set of ideas and interests in the public square as Americans design, implement and evaluate strategies to advance the nation and its neighborhoods and communities into the future.

The living wage is one idea that merits a constant habit of mindfulness in America's communities.

Theodore Roosevelt was the first modern American President to declare, "We stand for a living wage," when he sought to regain the presidency in a maturing industrial America more than 100 years ago in 1912. Decades later, in the 1930s, the idea helped fuel the adoption of a federal minimum wage that served for some time to maintain a rough connection between America's bottom tier of wage workers and a

level of earnings sufficient to “maintain a family” as Roosevelt recognized a living wage could.

Maintaining that rough correspondence between the minimum wage and living wage started to wane, however, after the 1970s. Congress, driven by fears of interfering with business interests in an emerging high-stakes competitive global economy, has been increasingly hostile toward minimum wage increases.

The consequence is that every year wages overall — not just the minimum wage — are falling more out of line with the expectation of making a living that can support a family.

Today, the Urban Studies and Planning department at Massachusetts Institute of Technology produces the best estimates of living wage levels for the different American states and communities.

Shockingly, the most current estimates suggest that only three states (Alaska, Washington and Wyoming) have median hourly wage rates for private sector jobs that reach the living wage level. This means that more than half of the private sector jobs in 47 of America’s 50 states do not pay a living wage.

Texas, it turns out, does not stack up well in this already dismal picture. The Texas median private sector wage rate of \$15.44 in 2011 amounted to 83 percent of the state’s living wage estimate of \$18.70 for a family of four. Texas ranks 32 out the 50 states on this factor.

The gap between median private sector wages and living wage estimates is even more challenging for San Angelo and some other West Texas cities. Only Midland and Odessa out of the four urban centers in the immediate region, including Abilene and San Angelo, have median private sector wage rates that relate to a living wage in a way that is on par with the state as a whole.

And remember, the Texas picture is unflattering compared to the nation — which itself is failing to enable growing numbers of workers maintain their families.

Citizens and leaders of San Angelo, in particular, need to develop a Sachs-like habit of mindfulness that keeps the living wage as constantly in view as the monthly sales tax reports and employment figures. After all, San Angelo’s median private sector hourly wage in 2011 was \$13.20. This was 74 percent of the living wage estimate of \$17.89.

A strong point of San Angelo compared to regional peers in Abilene, Midland and Odessa is its economic diversity. In fact, out of 22 major employment sectors regularly tracked by the U.S. Bureau of Economic Analysis, San Angelo employs workers in eight sectors at rates that are higher than what is typical for Texas cities.

San Angelo has higher demand for workers in these eight sectors than most communities in Texas. Together, they account for about 49 percent of the area’s total employment and some 46 percent of total wages.

Nonetheless, median hourly wages reached the living wage estimate in only two of the eight sectors: education, training and library occupations; and health care practitioner

and technical jobs. Abilene, Midland, and Odessa all do better than San Angelo at generating jobs that provide a living wage in their respective cities.

Keeping a keen awareness of deficiencies at generating jobs that provide a living wage is essential to a responsible measure of the mindfulness required to move San Angelo forward in these times. All the same, we must temper enthusiastic efforts to bend local pay scales in favor of the living wage with the sober recognition that one person's wage increase is another's added cost or price increase.

Still, nearly every significant modern economist through the ages acknowledged the essential obligation of a community to provide a living wage. This includes Adam Smith, the founder of the capitalist theory of economics. Smith wrote in his masterpiece, "The Wealth of Nations," "It is but equity ... that they (the laborers) who feed, clothe and lodge the whole body of the people, should have such a share of the produce of their own labor as to be themselves tolerably well fed, clothed and lodged."

Translating to our times, Smith's point was simply this: it is a calamity for a community to demand self-sufficiency and personal responsibility of its members when so many lack the means to maintain a family. Thus, a living wage, to use Smith's words again, "can never be regarded as an inconvenience to the whole."

Kenneth L. Stewart and Casey Jones are directors of Community Development Initiatives at the ASU Center for Community Wellness, Engagement, and Development. Contact them at kenneth.stewart@angelo.edu or casey.jones@angelo.edu. Susan McLane, a graduate research assistant at Community Development Initiatives, contributed to this article.



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