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After 75 Years, the Working Poor Still Struggle for a Fair Wage

By ADAM COHEN

At the height of the Great Depression, industry convinced President Franklin Roosevelt and Congress to enact a law allowing companies to collude to drive up prices. To balance out this giveaway to big business, the law gave workers something that they had long been fighting for: the first federal minimum wage.

This week marks the 75th anniversary of the National Industrial Recovery Act — which Roosevelt signed June 16, 1933, at the end of his famous first 100 days — and of the federal minimum wage. It was a grudging, almost accidental win, and the road since then has been rocky. Advocates for low-income workers have had a hard time keeping the minimum wage at a reasonable level and passing other laws necessary to fulfill the original goal: ensuring that people who work hard can achieve a reasonable standard of living.

When progressives set out to establish a national minimum wage, they faced stiff opposition. Industry insisted that government should not interfere with its relations with its employees. Organized labor was also opposed. (“If you give them something for nothing,” one labor leader objected, “they won’t join the union.”) The pro-business Supreme Court presented the biggest obstacle, ruling that minimum wages were unconstitutional.

The Depression provided an opening. Progressives injected minimum-wage and maximum-hours provisions into the NIRA. These provisions were technically voluntary, but if companies wanted the government to approve the minimum prices and production limits they desperately wanted, they had to agree to minimum wages. Most industries adopted a minimum hourly wage of at least 40 cents.

The Supreme Court declared the NIRA unconstitutional, but the idea of a federal minimum wage had taken hold. In 1938, Congress passed the Fair Labor Standards Act — which a more progressive Supreme Court upheld — creating a mandatory federal minimum wage.

The new law was enormously effective: within a year, it brought millions of low-paid workers up to a wage of 30 cents an hour. It also had major weaknesses, notably that it was not indexed to inflation. Congress has to raise it, which leaves low-income workers at the mercy of politics.

The minimum wage continues to have powerful enemies. Businesses that pay low wages lobby strongly against increases, arguing that they cause jobs to disappear. The Bush administration has been hostile. When Elaine Chao was nominated to be the next labor secretary, she called for states to be able to opt out of the federal minimum wage — which would destroy the whole idea of a national minimum wage.

Last year, the new Democratic-controlled Congress raised the minimum wage for the first time in 10 years.

The increase was a real victory. But even with it, the minimum wage — which reaches \$7.25 an hour in 2009 — is still far below where it was in the 1960s, in real dollars. A family of three earning the 2009 minimum wage would still be well below the federal poverty line. And because the minimum wage remains unindexed, low-wage workers will fall even further behind before Congress rouses itself to grant another increase.

Economists, who are more sophisticated today than they were in 1933, now place more emphasis on raising the Earned Income Tax Credit. Because it is tied to family income rather than wage levels, the tax credit can be targeted precisely at workers who need it most. There has also, understandably, been considerable focus this year on trying to provide the working poor — and everyone else — with affordable health care.

In this year's "change" election, more attention should be paid to the working poor, who were hit especially hard by the economic policies of the last eight years. There should be talk of tax credits and health care — and the minimum wage. Advocates for the working poor argue for a better raise than the one Congress passed last year — perhaps one set at half the national average hourly wage, which would bring it roughly to where it was in the 1960s, and tie it to the rate of inflation.

The minimum wage can play a vital role in lifting hard-working families above the poverty line. But as Roosevelt understood, it is also about something larger: what kind of country America wants to be. "A self-supporting and self-respecting democracy," he said in the Congressional message that accompanied the Fair Labor Standards Act, can plead "no economic reason for chiseling workers' wages."

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