Title: Why Fair Pay is Key to a Sustainable Recovery

By: Marc J. Lane

Copyright: Crain's Chicago Business

Date: December 28, 2012



Illinois' 97th General Assembly goes out of business on Jan. 8. Between now and then, it may tackle more divisive issues of moral consequence than any of its recent predecessors. The reform of the state's debt-ridden public employee pension system, the expansion of casino gambling, the legalization of same-sex marriage and the approval of medicinal marijuana are all in play. Yet, tragically, our legislators have deferred any debate about raising the state's minimum wage, an ethical controversy of no less importance.

Opponents of a bill that's languished in the Statehouse for more than a year contend that a hike in the minimum wage would saddle businesses with unsustainable costs, forcing some to shut their doors and others to flee the state.

The other side has the better argument and the higher moral ground. The Economic Policy Institute, a Washington-based nonprofit, makes a compelling case that gradually increasing the minimum wage to \$10.65 per hour from \$8.25 by 2015 would foster job creation and spur our sluggish economy without burdening the state's already busted budget.

By the institute's reckoning, 1.1 million low-income workers in Illinois would see their wages go up. Since poor people tend to spend their money on necessities in their own communities, increasing their pay would quickly and inevitably drive demand for consumer goods and services along with higher profits to businesses. The Economic Policy Institute estimates that an increase in the minimum wage would result in an additional \$3.8 billion spent by affected families, thus benefiting the Illinois economy. Other studies have suggested that increasing the minimum wage improves employee morale and productivity, and reduces employee turnover. It also would reduce the deepening strain on our social safety net.

The Workers' Organizing Committee of Chicago, a union of retail and restaurant employees launched recently and already representing employees at more than 100 local businesses, is upping the ante by pushing for a \$15 per hour minimum wage, which would boost their members' average pay by nearly 50 percent. Citing a recent University of Illinois report that 57 percent of Chicago's low-income workers aren't high school students at their first jobs but employees who are more than 30 years old and live in

households dependent on low-wage jobs, the union argues that a \$15 minimum wage would allow their members to live in safer neighborhoods and secure a better future for their families.

No one should work full-time and still be unable to make ends meet. But struggling minimum-wage workers have seen a \$2-per-hour drop in their purchasing power since the 1960s. In the aftermath of the worst recession in generations, their ability to cover basic expenses continues to decline.

Let's urge our legislators to raise the minimum wage early in the New Year and give those who live on the outskirts of hope a fair shot at the American dream they've unjustly been denied.



Marc J. Lane is a Chicago attorney and chairman of the Illinois Task Force on Social Innovation, Entrepreneurship, and Enterprise.

Reprinted from Marc Lane's December 28, 2012 article which appeared in Crain's Chicago Business. Crain Communication Inc.'s permission is gratefully acknowledged. Copyright © 2012 by Crain's Communications Inc. Read more:

http://www.chicagobusiness.com/article/20121228/OPINION/121229889/why-fair-pay-is-key-to-asustainable-recovery