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JSRI Perspectives on FAITH DOING JUSTICE

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## Raise the Minimum Wage!

### It's a Matter of Justice

By Fred Kammer, S.J.

The minimum wage debate is hot. *The Fair Minimum Wage Act of 2013* (FMWA) would raise the minimum from \$7.25 to \$10.10 over three years and then index it to inflation. Why? The minimum wage has declined in value measured against inflation, average U.S. wages, U.S. productivity, and the poverty line. A parent working full-time year-round at minimum wage cannot keep the smallest family (one parent, one child) above the poverty line. [1]

Opponents claim that the number of minimum wage workers is small (3.7 million), most are young and part-time, and "relatively few of them live below the poverty line." [2] The argument is misleading. First, FMWA will affect not just current minimum wage workers, but 16.7 million workers earning less than \$10.10. Another 11.1 million workers would benefit indirectly from the "ripple effect" of employers adjusting overall pay ladders. Of these 27.8 million, 55 percent are women, 88 percent are at least 20 years old, 54 percent work full-time, 26.5% are parents, and the average worker earns half of his or her family's total income. [3] Further, between 1979 and 2011, the "share of low-wage workers (those earning less than \$10 per hour in 2011 dollars) aged 25 to 64 grew from 48 percent to 60 percent..." [4]

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### Educational Resources

#### JSRI Youtube Channel

Fr. Fred Kammer, S.J. and Loyola University New Orleans Institute of Ministry teamed up to produce seven videos about Catholic Social Teaching. These short educational clips range from explaining where Catholic Social Teaching started to the future of Catholic Social Teaching. Below is the first video in this series highlighting the key principles of Catholic Social Teaching.



Second, because some minimum-wage workers are young or part-time is no reason to deny them adequate wages, especially when many can't find full-time work or are working, even while attending school, to pay continuously rising tuition or to support their families.

Opponents also argue that a higher minimum wage will cause job losses. As Speaker John Boehner said, "If you raise the price of something, guess what? You get less of it." [5] When the cost of low-wage labor rises, employers supposedly reduce workforce and hire fewer future workers. But is that true? [6]

Economist John Schmitt, in an extensive 2013 review of forty years of empirical research on the minimum wage, focuses on two meta-studies—"studies of studies"—one by Doucouliagos and Stanley (2009) of 64 minimum-wage studies published between 1972 and 2007 and the other by Wolfson and Belman of 27 minimum wage studies published only since 2000. The conclusion of his review and these meta-studies is that "the minimum wage has *little or no discernible effect on the employment prospects of low wage workers*." [7]

The most likely reason is that "the cost shock of the minimum wage is small relative to the firms' overall costs and only modest relative to the wages paid to low-wage workers." Employers have many workplace "channels of adjustment." Reviewing eleven such channels, Schmitt concludes, "The strongest evidence suggests that the most important channels of adjustment are: reductions in labor turnover; improvements in organizational efficiency; reductions in wages of higher earners ("wage compression"); and small price increases." [8]

Equally important, any possible employee job or hour loss is more than offset by FMWA's increased weekly earnings for millions of workers, the estimated \$22 billion boost to the economy across the phase-in, and creation of roughly 85,000 new net jobs. [9]

FMWA is also morally right. [10]

### JSRI Upcoming Events

#### February 14

The JSRI Faculty-Staff Advisory committee will meet on campus.

#### February 19

Fr. Kammer will address the Catholic Day at the Capitol in Jackson, MS.

#### February 24

Dr. Weishar will attend a conference in Washington, D.C. on U.S. Catholic Institutions' role in immigration integration.

#### March 14

JSRI will co-sponsor visit by Faith in Public Life's "Fast 4 Families" national pro-immigration reform bus tour in New Orleans.

#### April 1

Fr. Kammer will lead the Archdiocesan Clergy Study Day on Vatican II's *Church in the Modern World*.

#### April 4-5

The JSRI Advisory Board will meet on campus.

### JSRI Recent Activities

#### January 25

Fr. Kammer gave the keynote on social justice for a conference sponsored by Sacred Heart

[1] David Cooper and Doug Hall, [Raising the Federal Minimum Wage to \\$10.10 Would Give Working Families, and the Overall Economy, a Much-Needed Boost](#), Economic Policy Institute Briefing Paper #357, March 13, 2013, p. 4.

[2] James Sherk, [Who Earns the Minimum Wage? Suburban Teenagers, Not Single Parents](#), Heritage Foundation Issue Brief No. 3886, February 28, 2013.

[3] David Cooper, [Raising the Minimum Wage to \\$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost](#), Economic Policy Institute Briefing Paper #371, December

Parish in Hattiesburg, MS.

[Living a Moral Economy: A Moral Economy Institute Briefing Paper #11](#), December 19, 2013, pp. 3, 7-10.

**February 1**

Dr. Weishar and Dr. Mikulich led Symposium entitled "Jail for Sale: The Rise of For-Profit Prisons and the Catholic Response" at the Catholic Social Ministry Gathering in Washington, D.C.

[4] Jared Bernstein and Sharon Parrott, [Proposal to Strengthen Minimum Wage Would Help Low-Wage Workers, With Little Impact on Employment](#), Center on Budget and Policy Priorities, January 7, 2014, p. 1.

[5] Ibid, p. 4.

[6] [Over 600 Economists Sign Letter in Support of Minimum Wage](#), released January 14, 2014. The signators of the letter to the President and congressional leaders observed that "the weight of evidence now showing that increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market." Seven Nobel Prize laureates signed the letter.

[7] John Schmitt, [Why Does the Minimum Wage Have No Discernible Effect on Employment?](#), Center for Economic and Policy Research, February 2013, p. 22 (emphasis supplied).

[8] Ibid.

[9] Cooper, op. cit., p.3.

[10] Archbishop Thomas G. Wenski, Chairman, Committee on Domestic Justice and Human Development, U.S. Conference of Catholic Bishops and Rev. Larry Snyder, President of Catholic Charities USA, [Letter to Members of the U.S. Senate](#), January 8, 2014.

**February 7-8**

25 Loyola faculty, staff, and students participated in JSRI's introductory Anti-Racism Workshop.

**February 9**

Dr. Weishar provided seven Loyola student volunteers an orientation to Cafe con Ingles, an ESL and community outreach program Dr. Weishar co-directs at St. Anthony of Padua Church.

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