

MINIMUM WAGE POLICY IN
GREAT BRITAIN AND
THE UNITED STATES

By

JEROLD WALTMAN

Algora Publishing
New York

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	xI
INTRODUCTION	1
CHAPTER 1. THE POLITICAL ECONOMY OF THE MINIMUM WAGE	7
The Goals of Minimum Wage Policy	8
Arguments For and Against a Minimum Wage	9
<i>Moral Arguments For a Minimum Wage</i>	9
<i>Economic Arguments For a Minimum Wage</i>	12
<i>Moral Arguments Against a Minimum Wage</i>	14
<i>Economic Arguments Against a Minimum Wage</i>	14
The Economics of the Minimum Wage	16
The Politics of the Minimum Wage	20
<i>Middle Class Leadership</i>	20
<i>Public Opinion</i>	21
<i>Interest Groups</i>	23
<i>Political Parties</i>	28
Policy Making Arenas	30
The Structure of a Minimum Wage	32
<i>Universal versus Sector Specific Minimum Wages</i>	32
<i>The Level of the Wage</i>	33
<i>Coverage</i>	34
<i>Subminimums or a Tiered System</i>	35
<i>Two Complexities</i>	36
<i>Enforcement</i>	36
Conclusion	36
CHAPTER 2. ORIGINS	39
The Road to the Trade Boards Act 1909	40

<i>New Liberalism</i>	40
<i>The Campaign against Sweating</i>	42
<i>Political Factors</i>	46
<i>Adoption of the Trade Boards Act</i>	47
<i>American State Legislation</i>	49
<i>Progressivism</i>	50
<i>From Idea to Concrete Proposal</i>	52
<i>State Action</i>	54
The Fair Labor Standards Act of 1938	55
<i>New Deal Philosophy</i>	56
<i>Early Initiatives</i>	56
<i>Passage of the Fair Labor Standards Act</i>	58
Conclusion	61
CHAPTER 3. DECAY, DEATH, AND REBIRTH	63
Launching the Trade Boards, 1909-1921	63
The Diminishing Role of the Trade Boards, 1922-1939	67
At the Fringes, 1940-1979	68
The Abolition of the Wages Councils	72
Reawakening	75
CHAPTER 4. THE NATIONAL MINIMUM WAGE IN OPERATION	93
The Policy Making Process	93
Policy Development, 1999-2007	95
The National Minimum Wage in Operation	104
The Impact of the National Minimum Wage	112
<i>Employment Effects</i>	112
<i>Inflation</i>	115
<i>Profitability</i>	116
<i>Fighting Poverty</i>	118
<i>Inequality</i>	121
Conclusion	123
CHAPTER 5. THE FEDERAL MINIMUM WAGE	125
Political Dynamics	126
Evolution of the Law	127
The Impact of the Federal Minimum Wage	132
A Decade of Deterioration — Economic and Political	136
The Structure of the Federal Minimum Wage	142
A Profile of the Contemporary Minimum Wage Workforce	143
Conclusion	146
CHAPTER 6. STATE AND LOCAL MINIMUM WAGE POLICIES	147
State Minimum Wage Laws	147
The Impact of State Minimum Wages	151
<i>Employment</i>	151
<i>Business Growth</i>	160
<i>Inflation</i>	162
<i>Poverty</i>	163

Table of Contents

The Politics of State Minimum Wage Increases	167
<i>Illinois</i>	167
<i>Referenda</i>	169
Indexing	174
Local Minimum Wage Policies	176
Conclusion	180
CHAPTER 7. THE LIVING WAGE CAMPAIGN	181
The Living Wage Movement in the United States	183
The Living Wage Movement in Great Britain	195
Conclusion	203
CHAPTER 8. CONCLUSION	205
Contemporary Minimum Wage Policy in Great Britain	206
Contemporary Minimum Wage Policy in the United States	209
Welfare State Theory	211
BIBLIOGRAPHY	217
INDEX	225