

## Raise the minimum wage to address inequality

Raymond C. Offenheiser

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President Obama and many Democrats are making inequality and raising the minimum wage the defining issues of 2014. Not to be outdone, top Republican presidential hopefuls like Paul Ryan and Marco Rubio have chosen social mobility and poverty as two of their signature concerns. Meanwhile, the data continue to pile up that the United States is no longer the land of opportunity. Clearly, when both sides agree at least that there's a problem, it's time to act. The question is: What is to be done?

Research has shown that much of the increase in inequality in the bottom half of U.S. wage distribution is due to the erosion in the real value of the minimum wage. One in 3 Americans - more than 100 million people - is either in poverty or among the ranks of the working poor, struggling to get by on wages of less than \$10 or \$12 per hour. President Obama's proposal to raise the federal minimum wage from \$7.25 to \$10.10 per hour would help to reduce inequality while also increasing the wages of some 30 million working Americans. Higher wages also stimulate upward mobility, enabling people to help themselves: to afford education, training for themselves and their children, to save money for homes, retirement and the occasional rainy day.

While there are many ways to reduce inequality and improve social mobility, raising wages at the bottom is a popular, fair and positive first step. Sadly, today's minimum wage pays, on average, less than one-half of the basic living expenses for a family of three. Hardworking Americans deserve better.

Last month, my organization published a report showing that the richest 85 people in the world hold as much wealth as the poorest 3.5 billion. While extreme wealth and poverty are dramatic at the global level, the numbers paint a disturbingly similar story in the United States. In fact, America's 20 richest people hold as much wealth as the bottom half of the population.

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Although the United States enjoys high living standards that set us apart from countries such as Nigeria and Peru, we now have levels of inequality on par with both countries. Increasingly, inequality is seen as a threat to national and global security and a threat to the values of hard work and entrepreneurship that have defined America. That's because extreme inequality breeds imbalances in power. Imbalances in power can spawn corruption and weak democracies, marginalizing the many while the few enjoy privilege.

While blatant corruption is less apparent in the United States, a majority of hardworking Americans feel that the game is rigged against them. A recent national survey of U.S. low-wage workers found that 65 percent believe Congress passes laws that benefit the wealthy. Just 9 percent believe laws are benefiting the poor. A report from the public policy group Demos Foundation found that, due to the disproportionate political power of the very wealthy, "our political system has become less responsive to those looking for a fair shot to improve their lives and move upward."

The good news is this dangerous trend can be reversed. The United States, in the three decades after World War II, saw commitments from the private sector, government and civil society to promote inclusive growth, including increases in the minimum wage under Democratic and Republican administrations, and, as a result, we experienced shrinking inequality and growing prosperity. Today, countries like Brazil, Mexico and Chile show national policies can make a difference in reducing inequality - through more progressive taxation, more effective and inclusive public services, and stronger wage floors and labor protections.

Certainly there is no silver bullet to address the related challenges of income inequality and economic mobility, but a good place to start is with efforts to increase the incomes of America's low-wage workers.

*Raymond C. Offenheiser is the president of Oxfam America and has more than three decades of experience in international development.*

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