# LD January/February 2015 Analysis

2015 will kick off with the Lincoln-Douglas resolution **"Resolved: A Just Government Ought to Require Employers to Pay a Living Wage."** Today, we're going to discuss the basics of building a solid case so you can start your second semester off strong.

We'll start out with an investigation of some key terms.

First, most experienced LDers will be very familiar with the term **"just government."** Your value and criterion should be set up to introduce your interpretation of what a just government would look like. You will want to ensure your definition of justice supports the specific arguments you want to make throughout your case.

**"Ought,"** of course, means something like "should," but carries a bit more philosophical baggage. Because "ought" is such a common word in LD resolutions, I will not spend time on it here. If you are new to debate and need help with "ought," rest assured that there are a huge number of analyses on the topic easily available online with a quick search.

The word **"require"** conveys that affirmatives must defend an enforceable legal provision that a just government might implement, not simply a suggestion or an incentive.

"**Employers"** means business owners who have employees. This could be any business, from tiny local shops with 3 workers up to multinational corporations with tens of thousands. A private contractor, however, is legally distinct from an employee.

Although many existing living wage laws only apply to specific types of businesses (such as those that contract with the government), this resolution seems to suggest that the affirmative must defend that a just government would require *ALL* employers to pay a living wage. This will complicate your research process somewhat, because any empirical data on the outcomes of enacting living wage laws will be in the contest of laws tailored to only some businesses. The idea of requiring all employers to pay a living wage is *untested in the real world*. Keep that in mind as you build your cases and refute your opponents'. More on this point later.

The key term in the resolution is **"living wage."** Living wage refers to a rate of pay at which a person could be expected to have enough income to meet his or her basic needs. Basic needs include food, shelter, transportation, utilities, medical care, and perhaps some modest degree of recreation. Some would further include saving for the future (such as illness, emergency, or retirement) under the category of basic needs. Many people also argue that a true living wage should be high enough for a fulltime worker to support a family, not just the individual worker him or herself. As the affirmative, you should have a clear idea of which interpretation(s) of living wage you are willing to defend.

The general idea advanced by supporters of living wages is that no person who works a fulltime job (40 hours per week) should have to live below the poverty line. Opponents argue that businesses should only have to pay employees for the economic value of their labor (essentially, how much money their job is worth to the company), and that asking them to pay more is unfair and may have unintended economic consequences. Whether or not businesses have an obligation to provide a certain standard of living to their employees is controversial, and will be a major part of this debate.

"Living wage" is related, but not identical, to "minimum wage." The United Sates has a federal minimum wage, which is $7.25/hour. However, it may be higher in certain states or cities which have chosen to pass legislation to raise their own minimum wage. "Living wage," on the other hand, does not legally refer to any *specific dollar amount*. Some areas may have living wage ordinances, which require its businesses to pay a wage indexed to the current cost of living in that area. However, because cost of living differs depending on where one is, the living wage could be dramatically different in one area to the next. So, if we are discussing things on a national scale (which most debates on this topic probably will), it is important to recognize that the living wage would not be a consistent number of dollars per hour throughout an entire country, but rather would be set at different amounts depending on the cost of living in various areas. (Another area of ambiguity in the topic: how much discrepancy is appropriate? Should the wage be set by county? City? Neighborhood? Block?)

To determine what a living wage might be in a particular location, check out this living wage calculator.

Technically, a living wage *IS* a minimum wage, in the sense that both establish the smallest amount of money a business can legally pay an employee. They are both what can be called a "wage floor" in economic literature. So, while the federal minimum wage is not necessarily a living wage (data shows that, in many cities, the cost of living dramatically outpaces the federal minimum wage), a legally-required living wage *would become the new minimum wage* in its corresponding area. In other words, theoretical arguments about how wage floors affect economies would apply to debates about *both* the federal minimum wage *and* any given living wage. But, arguments specific to the federal minimum wage generally will not be directly applicable to discussions of a living wage, and vice versa. This is because living wages are *tied to the cost of living in a specific area*, while the same is not always true of the legal minimum wage.

If the above paragraph is confusing, please feel free to contact Debate Central for further clarification.

Now that we understand what the resolution is about, let's move on to strategic considerations.

There will be two core areas of clash on this topic. The first is **whether or not living wage laws are effective at mitigating social harms**, such as poverty. Similarly, do the negative consequences of these laws outweigh their benefits? If the negative is able to prove that living wage laws do not improve conditions, then it will be difficult for the affirmative to win that just governments ought to require them. The second is **whether or not, if living wage laws *do* solve problems, it would be just for a government to require them**. Negatives may want to concede that living wage laws might mitigate poverty (etc.), but argue that requiring them is unjust, drawing on arguments from a wide range of intellectual backgrounds.

Theoretically, the negative should be able to win the debate by winning either of these issues: if living wage laws cause more harms than benefits, the judge most likely votes negative. If living wage laws do create benefits, but would nevertheless not be mandated by a just government (as established by your value/criterion), the judge still votes negative.

The affirmative, then, will need to be prepared to win both of these levels of debate.

We will begin with the first area of clash: are living wage laws effective? Do the material benefits of these laws outweigh their drawbacks?

It is important to keep in mind that, as previously mentioned, existing living wage laws tend to be narrowly targeted, applying only to specific kinds of workers. Empirical, quantitative economic data on the outcomes of requiring *all* employers to pay a living wage is not available. Both sides may want to challenge the others' data and economic claims by pointing this out.

One argument surrounding raising the minimum employers may pay concerns **unemployment**. If businesses have to spend more money to hire each worker, they might decide to lay off existing workers and/or not hire new ones. The higher the suggested living wage, the more persuasive this argument becomes. However, there is evidence for both sides.

The affirmative will want to argue that the living wage does not increase unemployment, and perhaps even decreases it. Here's **evidence**:

> *(Mark Brenner, prof of economics at university of Massachusetts Amherst specializing in labor economics, "Living wage laws in practice: the Boston, New Haven, and Hartford experiences," Political economic research institute at the University of Massachusetts Amherst, accessed 12/11/14, last updated 12/1/14, http://www.peri.umass.edu/339/)*
>
> <u>The empirical evidence for job loss or other serious economic consequences is weak. Prior studies have found no consistent evidence that living wage laws increase</u> contract <u>costs</u>, although there is wide variation. Some contract prices have gone up substantially after living wage implementation, others dropped significantly. This is why

we stress the fact that living wage laws are only one of many factors influencing the cost of city services, and often not the most important one! To date there has been no evidence of laws on the books leading to systematic job losses. Our study confirms this; living wage laws did not generate job losses in the cities we examined. We actually found some evidence that the living wage law in Boston may have improved the covered jobs, making more of them full-time.

Early on, people just extended arguments made about minimum wage laws to the living wage context. Never mind that the two are completely different policies, or that there is quite a bit of accumulated evidence that minimum wage laws don't lead to job loss either.

As the economist and commentator Deirdre McCloskey would say, the arguments against the living wage are a classic case of blackboard economics talking. We all know that when you raise the price of something people demand less of it, right? We have the graphs to prove it! The trouble is that the world doesn't work as neatly as our models suggest, and all of our abstract thinking and theorizing has made us less attuned than we should be to what is often a very complex reality out there.

For example, a standard competitive model of the labor market would predict that if McDonalds lowered their wage by a penny tomorrow they would be unable to hire anybody. Nobody thinks that's an accurate description of what would actually happen. But it's only in recent years that people like Alan Manning, a well known labor economist at the London School of Economics, have begun to really explore the implications of this divergence between our models and the real world.

At heart, what I think these folks are bringing to the fore is a recognition that the labor market is not like other markets. In the supermarket, for example, when you buy Special K, you still get the same stuff in the box whether it's on sale or not. The product, so to speak, is unaffected by its price. That is just not true with people. What you pay people has an incredible effect on what you get from them, and even the same individual will be a different type of employee depending on whether he or she is paid the minimum wage or something much above minimum wage.

More **evidence**, suggesting that raising minimum wages actually increases jobs/decreases unemployment:

*(Ben Wolcott, center for economic and policy research, "2014 job creation faster in states that raised the minimum wage," http://www.cepr.net/index.php/blogs/cepr-blog/2014-job-creation-in-states-that-raised-the-minimum-wage, 6/30/14)*

At the beginning of 2014, 13 states increased their minimum wage. Of these 13 states, four passed legislation raising their minimum wage (Connecticut, New Jersey, New York, and Rhode Island). In the other nine, their minimum wage automatically increased in line with inflation at the beginning of the year (Arizona, Colorado, Florida, Missouri, Montana, Ohio, Oregon, Vermont, and Washington state).

As CEPR noted in March and April posts, economists at Goldman Sachs conducted a simple evaluation of the impact of these state minimum-wage increases. GS compared the employment change between December and January in the 13 states where the minimum wage increased with the changes in the remainder of the states. The GS analysis found that the states where the minimum wage went up had faster employment growth than the states where the minimum wage remained at its 2013 level.

When we updated the GS analysis using additional employment data from the BLS, we saw the same pattern: employment growth was higher in states where the minimum wage went up. While this kind of simple exercise can't establish causality, it does provide evidence against theoretical negative employment effects of minimum-wage increases.

The negative may choose to advance the argument that requiring a living wage *does* lead to job loss and unemployment, because it requires businesses to pay more than the labor may actually be worth, which eats away at profits and forces the company to make cuts. This will impact low-wage workers the most, harming the very people it was intended to help. Here is **evidence** on that point:

*(Charles Lammam, Associate Director of tax & fiscal policy at the Fraser Institute, "The economic effects of living wage laws," http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/economic-effects-of-living-wage-laws.pdf, January 2014)*

Although activists claim living wage laws can increase wages with minimal costs, the reality is quite different. Both economic theory and evidence suggest that living wage ordinances, like minimum wage legislation, create distortions in the labour market that have a negative impact on employment. When governments mandate a wage above the prevailing market rate, a typical result is that fewer jobs and hours become available and it is usually the people who are less skilled who are most adversely affected. Indeed, there is a trade-off between the workers who benefit from a higher wage and those who endure the costs due to fewer employment opportunities.

The research looking into the economic effects of living wage laws is not as developed as the minimum wage literature, which spans several decades and over a hundred academic studies. But the conclusion from the best and most rigorously analyzed evidence is that living wage laws have similar unintended consequences. Specifically, evidence shows that employers respond to living wages by cutting back on jobs, hours, and on-the-job training. Those who advocate living wage laws tend to overlook these consequences and instead focus only on the benefits of such policies. The reality is that, while some workers may benefit from a higher wage, their gain comes at the expense of others. According to research by leading scholars in the field, a 100% increase in the living wage (say going from a minimum wage of $10 per hour to a living wage of $20 per hour) reduces employment among low-wage workers by between 12% and 17%. Affected workers therefore lose valuable employment income and the ability to gain new skills and experience that foster upward income mobility. Research also finds that employers respond to living wages by hiring more qualified workers at the expense of those with fewer skills in order to offset some of the higher wage costs. Living wages therefore reduce the opportunity for less-skilled workers to participate in the labour market. This is a highly perverse outcome since less-skilled workers are presumably among the very people the policy is intended help. And, if employers end up hiring more productive workers who would have been paid a higher wage anyways, it defeats the purpose of adopting living wage laws in the first place.

More **evidence**:

*(Wharton School of Business at the University of Pennsylvania, Knowledge@Wharton, "the complex economics of america's minimum wage," http://knowledge.wharton.upenn.edu/article/complex-economics-americas-minimum-wage/, 11/11/13)*

The debate over the minimum wage often comes down to one question: How much effect does an increase in the minimum wage have on the employment rate? It is perhaps one of the most studied topics in all of economics. The big concern is that in the face of higher labor costs, businesses will have to either lay people off or hire fewer workers. David Neumark, an economics professor at the University of California, Irvine and William Wascher, a Federal Reserve Board economist, have over the years produced several pieces of influential research on the topic. They argue that increasing the minimum wage reduces the employment rate of low-skill, low-wage workers.

> “Any time the state intervenes in the employment market, it’s going to have an effect — and not necessarily a positive one,” notes Brooks Holtom, a management professor at Georgetown University’s McDonough School of Business. “This is particularly true right now when we are seeing persistently high employment among low-skilled workers and among the young. The raise [for] the workers has to come from somewhere, and it’s most likely that we will see it in the form of job losses.”

Earlier, we briefly touched on the fact that a universal living wage law has never been tried before. Some cities require government contractors or other specialized businesses to pay a living wage, but there is no empirical example of an economy-wide mandated living wage law. Tricky negatives can exploit this fact to boost their arguments about job loss. Governments have the ability to offset the increased labor costs incurred by living wage laws by simply cutting spending elsewhere and/or raising taxes. Private businesses, however, operate under intense market pressure to keep prices competitively low. This alters the likely outcomes of an increased wage floor. Therefore, you can argue, any aff evidence claiming that living wage laws empirically do not cause job loss should be considered flawed. While it may be true that requiring *government contractors* to pay a living wage does not result in layoffs, we simply do not have any data to suggest the same conclusion for a *universal* living wage law.

Here is **evidence** supporting that argument:

*(Carl F. Horowitz, Consultant on labor, welfare reform, immigration, and housing, "Keeping the Poor Poor: The Dark Side of the Living Wage," Cato Institute, No. 493, http://www.cato.org/sites/cato.org/files/pubs/pdf/pa493.pdf 10/21/03)*

At least a half dozen published studies summarized on the Association for Community Organizations for Reform Now's website (www.acorn.org) have concluded that a living wage would have a favorable local impact.30 ACORN and other activists can be counted on to refer to those studies in public hearings. Local government officials, understandably, are likely to be persuaded; so much research pointing to high benefits and negligible costs could not be wrong. Or could it? Those studies demonstrate the viability of the living wage only by removing it from the context of the entire local workforce. That is, the authors are not in a position to consider what would happen if the living wage were applied to the entire local workforce rather than the limited world of government contracting.31 Existing living wage ordinances affect roughly only 1 percent of all employers in jurisdictions with such laws. What would happen if all, or nearly all, employers were covered?

Besides the rate of unemployment, there is also a debate to be had about whether enacting a living wage would actually put more money in the hands of the people who need it most. **Will low-income workers see an increase in income?**

The affirmative will argue that low-income workers do benefit from living wage laws. As we already discussed, the current federal minimum wage is too low for full-time workers in many areas to afford their basic needs. The argument in favor of living wage laws here is pretty straight-forward: people’s wages become higher, so they bring home more money, and fewer people are left in poverty. Here is **evidence**:

*(Center for American Progress, “Cities at work: progressive local policies to rebuild America’s middle class,” http://cdn.americanprogress.org/wp-content/uploads/2014/01/COW_04RaiseWageBenefit.pdf, 2014)*

While the federal government and states have historically been the key players in setting minimum job standards, those standards are shockingly low in too many cases. The current federal minimum wage of $7.25 per hour is too low to support even a single worker, much less a family. Adjusted for inflation, the federal minimum wage is now more than $3 below its 1968 level, even though current minimum-wage workers are, on average, older and have more work experience than 40 years ago.4 Nineteen states now have state minimum-wage rates higher than the federal rate but only one, the state of Washington, has a state minimum wage above $9.00 per hour.

Another issue is that almost 50 million Americans have no health care coverage, including 15 million full-time workers and another 13 million part-time workers.5 The United States is one of the few countries worldwide that does not require employers to provide paid sick days, to cover minor illnesses like the flu, or offer paid sick leave to cover more serious illnesses requiring significant time off work.6 As a result, nearly 40 percent of the 100-million private-sector workers in the United States do not have access to paid sick leave.7 And a study by the Congressional Joint Economic Committee found that 73 percent of food service workers have no paid sick days at all.8

Raising wages and benefits for the lowest-paid workers is one of the simplest, most effective, and most popular ways to both improve the lives of the working poor and grow the local economy. Raising local minimum wages and benefits helps both those earning the minimum and those making a few dollars more, who typically also see pay increases as employers shift wage scales upward. Because wage standards set a level playing field, firms that provide good wages and benefits are not so easily undercut by low-road competitors, encouraging an overall shift to higher-wage, higher-productivity jobs. Finally, virtually all polling data suggests that at least two-thirds of Americans are in favor of raising wages for the lowest-paid Americans

More **evidence**, which also contains answers to unemployment arguments drawing on empirical data:

*(T. Willian Lester & Ken Jacobs, professor of city and regional planning at the university of north Carolina- Chapel Hill & chair of the center for labor research and education at the institute for research on labor and employment at the university of california-berkeley, Center for American Progress, "Creating goo jobs in our communities: how higher wage standards affect economic development and employment," https://www.americanprogress.org/issues/labor/news/2010/11/30/8600/creating-good-jobs-in-our-communities/, 11/30/2010)*

Cities across the country are working to gain greater control over these projects and help create quality jobs by attaching wage standards to their economic development subsidies. Communities are linking labor standards to public development projects in various ways, including community benefits agreements and prevailing wage laws. But the most common and comprehensive policies are business assistance living wage laws, which require businesses receiving public subsidies to pay workers wages above the poverty level.

These economic development wage standards have successfully raised pay for covered workers. Yet opponents of these standards argue that such laws prevent businesses from creating jobs and thus help some workers at the expense of employing more workers. Some business leaders and developers also claim that adding labor standards to economic development projects will scare away potential investors by sending an "antibusiness" signal.

> This report examines these claims and finds that economic development wage standards have no negative effect on citywide employment levels. This casts serious doubt on arguments that standards dampen municipalities' ability to use subsidies to attract new businesses or create negative business climates where all firms avoid investment.
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> The study finds that the 15 cities effectively implementing business assistance living wage laws—Ann Arbor, Berkeley, Cambridge, Cleveland, Duluth, Hartford, Los Angeles, Minneapolis, Oakland, Philadelphia, Richmond, San Antonio, San Francisco, San Jose, and Santa Fe—had the same levels of employment growth overall as a comparable group of control cities. The study also finds that these laws do not harm low-wage workers. Employment in the low-wage industries most likely affected by the living wage laws was unaffected by the change.
>
> The study is the most methodologically sound, quantitative study conducted to date on business assistance wage standards. It uses the best available data that tracks employment by establishment and establishment movements over time in order to make accurate accounts of employment change at the city level. The study carefully selects cities that have effectively implemented business assistance living wage laws and ensures a controlled comparison that minimizes the effects of unobservable variables by comparing 15 living wage cities to 16 cities with similar attributes where advocates lodged unsuccessful campaigns to pass such ordinances.

The neg may want to counter these claims by arguing that living wage laws do not actually make any significant difference in the lives of the people affected, and may actually hurt them. There are a few warrants you can use for this argument.

First, statistics show that a large number—up to 72%, according to one study—of people who would be affected by living wage laws do not actually live in households that fall below the poverty line. They may have other primary earners, be teenagers looking for spending money, etc. Here's **evidence**:

*(Charles Lammam, Associate Director of tax & fiscal policy at the Fraser Institute, "The economic effects of living wage laws," http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/economic-effects-of-living-wage-laws.pdf, January 2014)*

And contrary to what advocates claim, living wage policies are not the answer to the hardships experienced by many impoverished families. The available evidence shows that living wage laws generally do not help the most povertyridden families, in part because the overwhelming proportion of those benefitting from living wage laws tend not be poor. One study reviewed in this report found that 72% of those benefitting from living wage laws were not actually poor. Advocates also tend to overstate the overall effect of living wage laws upon the income of workers whose wages are positively affected. While living wage legislation may make them better off in terms of labour market earnings, research shows they will experience a countervailing effect due to reduced eligibility for benefits from government social programs. The net increase in income is therefore less than expected.

And here is **evidence** arguing the opposite—this card says that many people *do* need to support families on minimum wage:

*(James Surowiecki, financial analyst and writer, The New Yorker, "The pay is too damn low," http://www.newyorker.com/magazine/2013/08/12/the-pay-is-too-damn-low, 8/12/13)*

Still, the reason this has become a big political issue is not that the jobs have changed; it's that the people doing the jobs have. Historically, low-wage work tended to be done either by the young or by women looking for part-time jobs to supplement family income. As the historian Bethany Moreton has shown, Walmart in its early days sought explicitly to hire underemployed married women. Fast-food workforces, meanwhile, were dominated by teen-agers. Now, though, plenty of family breadwinners are stuck in these jobs. That's because, over the past three decades, the U.S. economy has done a poor job of creating good middle-class jobs; five of the six fastest-growing job categories today pay less than the median wage. That's why, as a recent study by the economists John Schmitt and Janelle Jones has shown, low-wage workers are older and better educated than ever. More important, more of them are relying on their paychecks not for pin money or to pay for Friday-night dates but, rather, to support families. Forty years ago, there was no expectation that fast-food or discount-retail jobs would provide a living wage, because these were not jobs that, in the main, adult heads of household did. Today, low-wage workers provide forty-six per cent of their family's income. It is that change which is driving the demand for higher pay.

The Lammam neg evidence provided above also touches on a second warrant for why living wage laws may not actually be an effective poverty reduction strategy: many low-earners who live in poverty currently qualify for government benefits (food stamps, earned income tax credit, Medicaid, etc), but a living wage law would boost their income *just enough* to remove their eligibility for these programs. So, according to the below **evidence**, only about 1/5 of the increase in wages would become new disposable income. The rest would be absorbed in paying for things that the household used to receive through benefits:

*(Paul Krugman, Professor of Economics and International Affairs at the Woodrow Wilson School of Public and International Affairs at Princeton University, Centenary Professor at the London School of Economics, Distinguished Scholar at the Luxembourg Income Study Center at the CUNY Graduate Center, and an op-ed columnist for The New York Times, Nobel prize winning economist, Review of the book "living wage: what it is and why we need it" by Robert Pollin and Stephanie Luce, http://www.pkarchive.org/cranks/LivingWage.html, September 1998)*

Consider, for example, the effects of "Plan Y" (never mind) on the hypothetical head of a household, currently making $5.43 an hour. According to their estimates, as long as he or she remained fully employed, the living-wage law would raise earned income from $10,860 to $14,500--and also mandate $2,500 in health coverage. (This is, incidentally, a 57 percent increase in the cost to employers; you have to have a lot of faith in Card-Krueger not to worry that some jobs might be lost.) According to their numbers, that family would currently pay less than $900 in taxes while receiving some $9,700 in benefits such as food stamps, Earned Income Tax Credit, and health care. Their calculations also show that most of the gains from the living wage proposal would be offset by reductions in these other redistributive programs. Indeed, only about one-fifth of the mandated increase in wages and benefits actually gets manifested in disposable income; the rest is taken away as benefits decline.

Affirmatives, however, can also use the benefits argument described above to suggest that living wage laws save taxpayer money by reducing the total number of people receiving government aid. Here is **evidence**:

> *(Wharton School of Business at the University of Pennsylvania, Knowledge@Wharton, "the complex economics of america's minimum wage," http://knowledge.wharton.upenn.edu/article/complex-economics-americas-minimum-wage/, 11/11/13)*
>
> Yet in an era of growing income inequality and at a time when 6.6% of Americans — roughly 20.4 million people — are classified as being in deep poverty (a 4.5% increase since 2000), many view raising the minimum wage as a moral issue. The fact that Congress has acted to raise the minimum wage only three times in the last 30 years shows that "we have become much more tolerant of inequality but also less interested in doing things to help the poor," says Peter Cappelli, a Wharton management professor.
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> "There are big costs to society and maybe to [the country's overall] economic growth of having wages be as stagnant as they are," adds Cappelli, who is also director of the school's Center for Human Resources. "It is no longer just teenagers working at these wages. Many people are trying to live on them, and that also means those people are being supported by the safety net, things like food stamps paid by taxpayers. It's not a great thing for society to have lots of people working and not being able to afford to live."

Finally, you may wish to have a debate about living wage laws' **effects on businesses**.

The affirmative can argue that higher wages are actually good for businesses, because they improve worker productivity and reduce employee turnover (hiring, firing, and training are quite expensive for employers). These warrants are supported by some of the above evidence, as well. Additionally, there are examples of companies that pay their employees high wages and enjoy better-than-average profits. Here is **evidence**:

> *(Wharton School of Business at the University of Pennsylvania, Knowledge@Wharton, "the complex economics of america's minimum wage," http://knowledge.wharton.upenn.edu/article/complex-economics-americas-minimum-wage/, 11/11/13)*
>
> In fact, there is some evidence that higher wages improve productivity. Research by Zeynep Ton, a professor at MIT's Sloan School of Management, shows that a number of highly successful retail chains — including Trader Joe's supermarkets and Costco wholesale clubs — that pay their store employees above-average wages, also have the lowest prices in their industries, stable financial performance and superior customer service compared with their competitors.
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> "Businesses across the board [can] adjust to higher wages," says Jack Temple, a policy analyst at NELP. "It lowers their cost of hiring and firing and training. Companies also see reduced inefficiencies in their business models."

However, the negative can argue that, even if major corporations can afford higher wages, small businesses often cannot. Particularly in industries with tight profit margins, significantly increasing employee pay could eat up all of the profits. Here's **evidence**:

> *(Wharton School of Business at the University of Pennsylvania, Knowledge@Wharton, "the complex economics of america's minimum wage," http://knowledge.wharton.upenn.edu/article/complex-economics-americas-minimum-wage/, 11/11/13)*
>
> On the other hand, there is some evidence that increasing a wage rate will lower profitability for firms, particularly small businesses. While proponents of raising the minimum wage often point fingers at big corporations that can ostensibly afford to pay workers more, many low-wage employers are small outfits, notes Michael Saltsman, research director at the Employment Policies Institute, a business-backed research group.
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> "It is easy to focus on McDonald's or Burger King as the 'corporation,' but the majority of those fast food restaurants are owned by franchisees," Saltsman says, noting that labor costs for a franchisee amount to about 30.5% of sales, and profits typically hover around 5%. "That gives you a sense of why small businesses are concerned by a minimum wage increase — even, say, $10 [an hour] rather than $15. Even if labor costs increase by 25%, that more than eats up all the profit earned by the store."

You should now be prepared for the basics of the core debate on the efficacy of living wage laws. However, as we discussed at the beginning, this debate has a second layer**. If living wage laws do help more than they hurt, would a just government require them?** There are a number of ways to approach this question.

Of course, the **affirmative** must defend that a just government *would* mandate a living wage. If, as the aff, you feel comfortable with your ability to win the economic debate discussed so far throughout this guide, then you may want to select a generic utilitarianism/consequentialism value/criterion structure.

If you're not so confident, a better choice may be to argue that a just government has an obligation to ensure just outcomes—in other words, that it is unjust for some citizens to starve while others have more than they can eat. If you go this second route, you do not necessarily have to win that living wage laws are broadly "good" for everyone in society. You only need to win that it is unjust to privilege the flourishing of some at the expense of the suffering of others. In other words, your argument would be something like "it is a prerequisite to any conception of justice that we not tolerate that some are deprived of basic necessities while others have them to spare." Be aware, though, that this argument is fundamentally a justification for wealth redistribution. If you take this path, you will likely want to be prepared to explain why your advocacy is different from the failed communist experiments of the 20th century.

Similarly, you could argue that living wage laws fulfill Kant's categorical imperative, or some other ethical system involving duty or responsibility to the other. However, keep in mind that most of these ideas imply universality, and living wage laws are tiered by definition. You will need to be able to win that it is ethically acceptable to pay some people numerically more than others, as long as those differences result in equal outcomes. In other words, it is correct to pay higher wages to people who live in areas where the cost of living is higher, due to differences in purchasing power.

Another aff option would be to argue that uncertainty regarding basic needs erodes a person's ability to better themself (see [Maslow's hierarchy of needs]) and therefore impedes their ability to attain virtue. This is both unjust and undesirable to society. Here is **evidence**:

> *(Oren M. Levin-Waldman, Prof of Public Policy & Public Administration, School of Management, @ Metropolitan College of New York, "Historical Studies: The Living Wage: Lessons from the History of Economic Thought" Industrial & Labor Relations Review, Cornell University, via Lexis Nexis. April 2010)*
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> The second basic idea, the capability argument, held that society needs to take into account whether or not wage workers earn a sufficient amount so that they are able to improve their abilities both as workers and as members of society. The failure to pay a living wage would threaten that capability, for workers not earning liveable wages would be unable to improve their abilities, and by extension, would not be able to develop those capabilities in their children. Society ostensibly wants its members not only to be effective producers but also to be effective citizens. Arguments of capability actually echoed Plato, Aristotle, and Aquinas. For Plato, marketplace competition was problematic because people would be so consumed by their own pursuit of wealth that they would be incapable of behaving in a virtuous manner. Aristotle, in contrast, defended private property and maintained that individuals needed incentives to care for property. Aquinas argued that prices charged had to be just. A wage pushing workers below subsistence level eroded their chances of being virtuous and were therefore unjust. Thus, a moral economy needed to be balanced against the market economy through the cultivation of virtue.

The **negative**, on the other hand, will want to win that a just society would *not* require employers pay a living wage. As we discussed already, one way to do this would be to simply win that living wage laws create bad outcomes. It would be hard for the affirmative to win that a just government would pass a policy that creates significantly more harms than benefits across-the-board. However, that's not the only path to neg victory.

Another option for the negative would be to argue that it is the *mandate*, not the notion of a living wage itself, that is unjust. In other words, the neg may concede that paying a living wage is a good idea, but dispute that a just government would *legally require* it. There are a number of lines of philosophical thought one might draw on to advance this sort of claim. Ayn Rand and her objectivism is an obvious choice, but you could also ground your negation in one of many criticisms of coercion, or in a Foucauldian critique of civil society, or in numerous philosophers' discussions of flaws in the welfare state system.

Both sides will also find readings on the concept of distributive justice illuminating for this topic.

Another approach that may be strategic for the negative is to defend a **competing advocacy** that is able to suck up some of the aff's offense. You may want to agree that some basic standard of living for all is necessary for a just society, but argue that the government should provide the resources directly, rather than making private industry responsible. For example, some people may favor expanding the Earned Income Tax Credit, broadening the social welfare net, or establishing a government-provided guaranteed minimum income. Each of these proposals is a little different, but the share the characteristic of leaving action up to the government itself, rather than mediating through businesses.

Here is **evidence** on guaranteed minimum income:

*(The Economist, Democracy in America, "Living-wage laws: bad welfare," http://www.economist.com/blogs/democracyinamerica/2013/07/living-wage-laws, 7/19/13)*

THE "living wage" law under consideration in Washington, DC is terrible policy in more than one way. As my colleague points out, the law narrowly targets Walmart, though it does not specifically name Walmart. The majesty of the law resides in its generality. Rules intended to pick out particular individuals or firms are just thuggish. Perhaps it is believed by some members of the DC city council that Walmart, a company fairly notorious for its less than lavish compensation practices, has it coming. It has become a commonplace on the left to maintain that Walmart is "subsidised" by the taxpayer insofar as its employees make use of public assistance. That is to say, the "subsidy" to Walmart is the difference between the market wage and the "living wage", whatever that's determined to be. This idea strikes me as more than a little dotty.

As Jason Brennan, a philosopher at Georgetown, puts it, "this presupposes that if you hire someone for, say, 40 hours a week, you owe him enough money for him to lead a decent life". If the value of a worker's labour is less to her employer than the cost of a reasonable standard of living, why should the employer be on the hook for the difference? Subsidising the worker, to bring her up to a certain baseline mimimum, counts as a subsidy to the employer only if we think that was the duty of business all along—to pay workers not only a wage commensurate with the market value of their labour, but also sufficient to finance a life of a certain dignity and security. Mr Brennan goes on (using the example of Bob, a McBurger employee):

Social insurance is an excellent idea. And it ought to be financed broadly. Let businesses seek efficiencies and competitive advantage, tax them (or their owners), and finance a generous safety net with the proceeds of generally robust economic performance.

This supersensible idea of letting markets rip then letting the fruits of growth bankroll a decent universal mimimum has in recent years come under fire by progressives as "neoliberalism" or "pity-charity liberalism", pithily critiqued in this 2011 post by Freddie deBoer:

*Even if you could guarantee a certain minimal welfare state, the idea of poor and working people depending on the largesse of the rich and powerful is obscene. Sometimes, people have to live under the charity of others. But nobody wants to in perpetuity, because they then are not in control of their own lives, and because having to do so leaves many feeling robbed of personal dignity. As long as economic security is a gift of those at the top, it can be taken away. And if the last several decades have shown us anything, it's that for the richest, what they already have will never be enough.*

The progressive impulse to make employers rather than the government ensure workers a decent standard of living seems to me to be based in these sorts of considerations. Yet I cannot see how forcing Walmart, or employers generally, to guarantee minimum incomes helps. There is, no doubt, a great deal of dignity in work, and there is also a certain indignity in receiving government transfers. Hiding transfers inside paychecks is therefore an excellent strategy for rewarding work while getting people what they need in a way that makes them feel good about it. That's a great reason to support wage subsidies. However, forcing employers to directly bear the economic burden of the subsidy is mostly just a strategy for reducing the supply of paychecks, which would benefit neither the dignity nor economic security of the American worker.

Keep in mind the norms and preferences of your local debate circuit. If you know judges are very hostile to perceived counterplans, you may want to shy away from this sort of strategy.

That concludes our introduction to the 2015 January-February LD debate topic. However, this guide is only meant as a starting point, not a comprehensive account of all possible arguments. You should continue your own research process and pursue the arguments you find most interesting.

As always, you can email completed cases to **Rachel.Stevens@NCPA.org** for a free case critique. You can also join the discussion in the comments below.

Good luck!