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Raise the Floor: Wages and Policies That Work for All of Us

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Raise the Floor: Wages and Policies That Work for All of Us

Murray repeats his oft-stated recommendation to assess the consequences of eliminating welfare entirely for unmarried mothers, the only policy that he believes will significantly reduce nonmarital births.

In two fascinating chapters, Hugh Heclo and Lawrence Mead describe the historical developments leading up to PRWORA. Heclo begins with the original Social Security Act of 1935, while Mead focuses on the "conservatism of recent welfare reform" that emphasizes reducing dependency, promoting work, and forcing absent parents to support their children. Heclo argues that PRWORA was shaped more by history than by research findings, a conclusion that might frustrate researchers but with which most experts would probably agree. Mead believes the conservative emphasis should continue to guide the reauthorization debate.

Parts III and IV consist of twelve chapters that will appeal mainly to specialists interested in the details of program design and researchers interested in the evaluation of specific aspects of PRWORA and associated programs. Topics covered include employment goals, state sanctions and time limits, financial incentives to work, work experience programs, the role of Medicaid and food stamps, the treatment of immigrants, family functioning and child development, the role of fathers and marriage, child support enforcement, child care, and the Supplemental Security Income (SSI) program.

One captivating feature of the book is the discussant comments. In many chapters, the discussants take issue with the authors' basic conclusions, so the reader gets different perspectives. For example, Douglas Besharov and Nazanin Samari argue in their chapter that current levels of child care funding under PRWORA are adequate, but Kristin Moore, Martha Zaslow, Sharon McGroder, and Kathryn Tout dispute that. Rebecca Maynard rejects Murray's proposal to eliminate welfare and proposes instead to fund programs to promote the institution of marriage (a similar recommendation is made by Wade Horn and Isabel Sawhill in their chapter).

The New World of Welfare has something of value for just about everyone interested in the welfare reform debate. Its vividly written chapters and vibrant commentary will serve as invaluable resources for assessing the merits of welfare reform issues for many years to come.

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Raise the Floor: Wages and Policies That Work for All of Us. By Holly Sklar, Laryssa Mykyta, and Susan Wefald. Cambridge, Mass.: South End Press and Ms. Foundation for Women, 2001. 242 pp. ISBN 0-89608-683-6, \$12.00 (paper).

The main purpose of *Raise the Floor* is to make a case for government policies that, according to the authors, would significantly improve living standards for low-income workers, particularly low-income female workers. The book, which is targeted at a general audience, is part of a campaign sponsored by the Ms. Foundation for Women and a number of local and national advocacy groups.

The authors focus on developing a four-part argument. First, a realistic assessment of family budgets indicates that the basic needs of most working families can be met only with an annual income that, depending on the family type, exceeds current U.S. poverty thresholds by 64% to 151%. Second, the current \$5.15-per-hour federal minimum wage falls far short of allowing the achievement of these "minimum needs" budgets for most families, even those with a full-time, full-year worker. Third, a minimum wage hike to \$8 per hour would help considerably toward achieving adequate living standards for many low-income families, and would not have significant negative effects on the overall U.S. economy or businesses. Finally, to make further progress toward adequate living standards for all families, this minimum wage hike should be supplemented by expanding a wide variety of government programs, including the Earned Income Tax Credit, a single-payer national health insurance program, refundable and expanded child and child care tax credits, and low income housing programs; and government labor relations policies should make it easier to successfully organize unions.

The book is most successful in convincing readers that there are problems with current U.S. living standards for low-income working families. It includes short vignettes, excerpted from journalistic news stories, showing some of the problems particular low-income working families face as they struggle to acquire the necessities of daily life. The authors' recommended family budgets for "minimum needs" are defensible, although obviously any such exercise involves many subjective judgments. As pointed out in a 1995 book by the National Academy of Sciences, setting a minimum living standard is ultimately a political decision.

(Constance F. Citro and Robert Michael, eds., *Measuring Poverty: A New Approach*. Washington, D.C.: National Academy Press, 1995.) Certainly the authors of *Raise the Floor* have the democratic right to argue for their view that a minimally adequate standard of living is around twice as high as the current poverty standard. As the 1995 NAS book indicated, most other evidence, from other budget studies, public opinion surveys, and studies in other countries, agrees that the current U.S. poverty standard is too low, although many would not advocate raising the standard as much as do the authors of *Raise the Floor*.

The book is less successful in making a strong case for its solutions, one that will convert the unconverted. For example, the authors' contention that the minimum wage has little adverse effect on employment and business relies on selective use of the available evidence. The research of Card and Krueger, which agrees with Sklar, Mykyta, and Wefald's thesis, is cited, but not that of researchers who have concluded that the minimum wage does have significant negative effects on the employment of teenagers. David Neumark is cited for his research suggesting that local living wage requirements may lower poverty, but his research suggesting negative employment effects of the minimum wage is not given equal credence in *Raise the Floor*. The book would have been more convincing if the authors had admitted that some research indicates that a higher minimum wage may have some negative employment effects. Mere acknowledgment of such research results would not necessarily invalidate the book's proposals. A 2001 report by Isabel Sawhill and Adam Thomas found that even if the negative employment effects of a higher minimum wage are considered, a higher minimum wage is still likely to reduce poverty. (Isabel Sawhill and Adam Thomas, *A Hand up for the Bottom Third: Toward a New Agenda for Low-Income Working Families*. Washington, D.C.: The Urban Institute, May 2001.)

Also missing from the book are quantitative estimates of how the authors' proposed solutions would affect the identified problem. For example, there are no projections of dollar gains for families that currently fall below the minimum needs standards, or of the percentage of households that would rise above those standards. A rough cost estimate is provided for the proposed \$8 minimum wage (a \$96 billion gross cost increase to employers, before allowing for any cost savings from higher productivity or lower turnover or recruitment costs), but

no budget cost estimates are presented for the expanded Earned Income Tax Credit, the expanded child tax credit programs, the expanded health insurance programs, or any other program. Perhaps such data are of more interest to policy wonks than to the general public, but in my view the book would have been more persuasive to skeptics if it had included such evidence.

The book also omits any extended discussion of how to increase full-time and full-year employment among low-income families. As the authors themselves state, of the 29 million households below the proposed minimum needs standards, 14 million do not work at all during a typical year, and many of the remaining 15 million only work part-time or part-year (p. 47). Although the book does advocate expansionary macro policies, it seems unlikely that such macro policies will fully address these employment problems of low-income families. Because these employment issues are not fully addressed, the book's solutions seem incomplete.

However, in an era in which little national attention is devoted to the plight of low-income families, a book that highlights these problems and proposes bold solutions is welcome. *Raise the Floor* will provide inspiration and helpful data for many activists. Research by others can fill in some of the gaps left by the book.

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Men of Uncertainty: The Social Organization of Day Laborers in Contemporary Japan. By Tom Gill. Albany: State University of New York Press, 2001. xviii, 263 pp. ISBN 0-7914-4827-4, \$68.50 (cloth); 0-7914-4828-2, \$23.95 (paper).

A recent newspaper article titled "The Great Shadow of Depression" argued that the three major trading blocs—the United States, the European Union, and Japan—are all suffering economic recession (*The Guardian Weekly* [UK], December 2002). Economic stagnation in the EU, scandals such as those associated with *world.com* and *Enron* in the United States, and deflation and bad loans in Japan are symptoms of the crisis. According to Harvard University's Heizo Takenaka, the "thirty dirties"—30 banking and construction companies riddled with bad loans—are at the core of the Japanese loan