

Action, Not Politics Needed On Minimum Wage



Coming up at the Chamber

[View all upcoming events on our web calendar.](#)

THU | April 6
L.A. Youth at Work
Employer Breakfast
[more info](#)

THU | April 6
Starting Your Own Business
[more info](#)

TUE | April 11
Connection Point: The Art of
Meeting and Greeting
[more info](#)

TUE | April 11
International Mixer
[more info](#)

TUE | April 11
Referral Network
[more info](#)

FRI | April 14
Health Care
Committee Meeting
[more info](#)

TUE | April 18
Principal for a Day
[more info](#)

WED | April 19
International Trade and
Investments Committee
Meeting
[more info](#)

THU | April 20
Export Seminar Series #4:
International Matchmaking
[more info](#)

THU | April 20
Land Use, Construction and
Housing Committee Meeting
[more info](#)

FRI | April 21
Accenture Pancakes &
Politics
[more info](#)

WED | April 26
Environmental Quality
Committee Meeting
[more info](#)

WED | April 26
Transportation and Goods
Movement Policy Committee
[more info](#)

The Los Angeles Area Chamber of Commerce is the voice of business in L.A. County. Founded in 1888, the Chamber promotes a prosperous economy and quality of life in the Los Angeles region. For more information, visit www.lachamber.org

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It isn't often that an organization like ours--a business group--supports legislation that will increase the cost of employee wages. But we aren't monolithic in our opposition when we see something that can be justified. That is the case with this year's proposal by Gov. Schwarzenegger to increase the minimum wage by \$1.00 over the next 18 months. This represents an increase of almost 15 percent for California's lowest paid workers.

We believe Gov. Schwarzenegger made a strong case for a wage increase, and we support it.

What we *don't* support is legislation that would take decisions on the minimum wage out of the hands of the legislature, the governor, the industrial welfare commission, and off the table of public debate.

Unfortunately, that is just what happened last week in Sacramento.

Democrats in the legislature are trying to enact legislation that is opposed by the governor, and which we oppose as well, that would increase the minimum wage and index the minimum wage to inflation. That means that the minimum wage would rise each year without any vote of the legislature, much less without any public debate.

Such legislation could be devastating to business, low-wage earners and consumers as well. Businesses would see their costs increase annually and would either be forced to pass along such increases to consumers in the form of higher prices or would have to cut costs in other areas--such as eliminating jobs and forcing increases in productivity.

At the federal level we have seen what guaranteed cost-of-living increases have done to entitlement programs. The costs of Medicaid, Social Security, retirement, Medicare and other programs are skyrocketing due to these automatic increases.

One of the most important things businesses seek is predictability. We can't predict the market. We can't predict consumer trends. We can't predict things that are out of our control. But one thing we can predict is our cost structure, in the form of labor and material costs, capital investments, overhead and other costs. If we take away the predictability of labor costs by indexing the minimum wage, we throw a major wrench of uncertainty into the business equation.

And since increases in the minimum wage are reflected throughout the wage scale (as minimum wages increase, so do those making above the minimum), personnel costs could ratchet out of control.

The Schwarzenegger-supported bill, [SB 1167 by Sen. Abel Maldonado](#), would require the legislature and governor to consider future minimum-wage hikes on a case-by-case basis. That's the way it should be.

But instead of working to enact a bill that the governor will sign, and which is a reasonable increase for the lowest paid Californians, instead we are in the midst of yet another political battle. The same thing happened last year when the legislature passed a bill that contained indexing and the governor vetoed it. And now there is an effort to place annual indexing on the November ballot.

We call upon the legislature to stop playing politics with the minimum wage. Pass a fair increase and don't saddle business with an unpredictable, burdensome and limitless indexing plan. To attract employers and jobs to our state, California needs to be more competitive, not less.

And that's *The Business Perspective*.

Russell J. Hammer
President & CEO
Los Angeles Area Chamber of Commerce

The Business Perspective is an award-winning weekly opinion column by Rusty Hammer, President & CEO, L.A. Area Chamber

L.A. Business THIS WEEK

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