

**STATEMENT OF ALDERMAN JOE MOORE
IN SUPPORT OF THE
BIG BOX LIVING WAGE ORDINANCE
Chicago City Council
July 24, 2006**

Sixty-eight years ago, in the midst of the Great Depression, President Franklin Delano Roosevelt signed into law the Fair Labor Standards Act of 1938. This landmark legislation outlawed child labor, mandated a forty hour work week and established our nation's first minimum wage, set at 40 cents an hour. In urging passage of this legislation, FDR declared, "No business which depends for existence on paying less than living wages to its workers has any right to continue in this country. By living wages, I mean more than a bare subsistence level. I mean wages of a decent living."

Those words ring just as true now as they did sixty-eight years ago.

FDR faced a firestorm of protest. They called him a socialist. They said his legislation would result in the loss of millions of jobs and devastate an already fragile economy. They said if people want to work for pennies a day we should let them. Let the free market be our guide. But fortunately for our county, FDR had the courage, the vision, and the fortitude to face down his critics and see this landmark legislation through. As a result, FDR helped usher in an era of unprecedented economic growth and prosperity, an era which witnessed a growing middle class and decreasing poverty and inequality. An era, which gave hope to millions of Americans for a brighter future for themselves, their children and their grandchildren.

Sixty-eight years later, the eyes of our nation are focused on the City of Chicago. With our vote and the stroke of the mayor's pen, we can enact a law that will reverberate across our great nation. With a vote and the stroke of a pen, we, the members of the Chicago City Council and the mayor, can lift over 10,000 Chicago workers out of poverty wages and give them hope for a better future for themselves and their families. With a vote and the stroke of a pen, we can give 10,000 Chicagoans the dignity and self-respect that comes with being able to support yourself and your family through a job with livable wages and decent benefits. With a vote and the stroke of a pen, we can save our taxpayers over \$41 million dollars, money that is now being used to bridge the gap between what the world's richest companies pay their workers and what those workers need to survive.

Following the lead of their industry forefathers, the industry titans of today—the large big box retail giants, their hired spokespeople and their cheerleaders on the newspaper editorial boards—regurgitate the same tired old arguments that were levied against the first minimum wage nearly three and a half generations ago. Indeed, they are the same tired old arguments that are raised every time a federal, state or local government considers an increase in minimum wages. It will cost jobs, they say. It will drive businesses away, they warn. It will devastate the economy, they predict.

They were wrong then. They are wrong now. The last time the federal government increased the minimum wage, national unemployment went down, new jobs were created and the economy grew.

Tragically, our federal government has not increased the minimum wage in nearly ten years. Some states, like Illinois, have stepped in to fill the void and raised their minimum wage above the federal level. Under the critics' arguments, states with higher minimum wages should lose jobs and businesses to states with lower wage mandates. The facts show otherwise. According to the Fiscal Policy Institute, total employment in the states with a higher minimum wage increased by 6.2 percent, 50% greater than the combined job growth of 4.1 percent for states where the federal minimum wage prevailed. Retail employment grew by 6.1% in the states with higher minimum wages versus 1.9 percent in other states.

Why is that? The answer is simple. When working men and women get a raise they spend that money on goods and services. As one state official noted, "most low-wage workers pump everything they earn directly into the local economy by spending money in their neighborhood stores, local pharmacies and corner markets. When the minimum wage increases, the local economies benefit from the increased purchasing power."

Well maybe states can get away with raising the minimum wage without losing jobs and businesses, the critics will say, but surely a city can't do that. Businesses and jobs will just move to the suburbs, they argue. I understand those concerns, but once again the facts show otherwise. Santa Fe, New Mexico and San Francisco, California, enacted living wage ordinances two years ago. A study of the economic impact of Santa Fe's ordinance found that jobs continued to grow, outpacing the rest of the state, and gross retail receipts grew faster than inflation. The big box retailers, like Target and Home Depot remain in Santa Fe, and Wal-Mart just announced plans to open a Super Center in Santa Fe.

A similar study of San Francisco's ordinance also saw no negative economic impact or job loss as a result of its living wage ordinance. And Home Depot just agreed to open a store in San Francisco where they will pay their employees a starting wage of \$10.75 an hour.

Why do big box stores continue to operate in Santa Fe and San Francisco, and why are more stores opening up? Because there's a buck to be made, a lot of bucks. The big retail chains have saturated the rural and suburban markets. If they are to continue to remain profitable, they must continue to expand, and the large urban centers present a huge untapped market of millions and millions of consumer dollars.

And I welcome these stores to our communities. Our people need the retail amenities they offer. They need the jobs. But let's make sure that when these big stores open in our neighborhoods, they help our people, not exploit them. Let's make sure that these huge stores don't force our existing businesses to drive down their wages and

benefits just to compete. We welcome you to our city, big box retailers. But contribute to our neighborhoods, don't pillage them.

What about all those thousands of people lining up for jobs at Wal-Mart in Evergreen Park and on the West Side. Doesn't that mean people want those jobs and are willing to work for \$7.00 or \$7.25 an hour? Of course, people are desperate for work. They would probably line up for those jobs even if they paid \$5.15 an hour or even less. That people are desperate for a job, any job, only underscores the need for this ordinance.

Seventy years ago, thousands of people would stand in line at factories, packing houses and coal mines to work 60 hours a week in life-threatening conditions for pennies an hour. Did that mean we should not have mandated a forty hour work week and a minimum wage? Did that mean we should not have required worker safety measures and outlawed child labor? Of course not. President Roosevelt understood a basic economic fact: Corporations are in business to maximize their profits and they will pay workers whatever the market will bear. He also understood that government is in place to serve the common good, and at times government must step in to control the excesses of the market place to protect the public welfare and serve the common good.

And that is what we are called upon to do here. Our job in this Council is not to safeguard the billion dollar profits of the world's largest corporations. Our job is to safeguard the interests of our constituents, the working men and women of this great city, who are desperately trying to make ends meet.

The Big Box Living Wage Ordinance does precisely that. The ordinance requires a phased-in wage and benefit package that will culminate in 2010 with a living wage of \$10 an hour and benefits or their equivalent of \$3 an hour. These wage and salary mandates were not arbitrarily picked out of thin air. They are what on big box retailer pay *today*. Costco now pays its employees a starting salary of \$10 an hour and provides benefits in excess of \$3 an hour. Costco does this while still providing its customers with good products at affordable prices, and, according to Forbes Magazine, while still earning over \$1 billion in profits.

If Costco can treat its employees with dignity and respect and pay them a living wage with decent benefits, then so can the other big box retailers.

How do we know this? Take a look at the list of Forbes' Fortune 500 companies and you will find the big box retailers featured very prominently. J.C. Penny earned \$1.1 billion in profits last year. Target earned \$2.2 billion. Lowe's earned \$2.7 billion. Home Depot earned \$5.8 billion. And the biggest one of them all—Wal-Mart—earned a whopping \$11.2 billion dollars in profits, making it one of the most profitable corporation in the world, second only to the oil giant, Exxon.

These billion dollar corporations certainly have found room in their budgets to take care of their top executives. The *lowest* paid CEO of these corporations earns at least \$6.5 million a year. Most pay their CEOs far more than that. And that doesn't

include the tens of millions of dollars in stock options that most of these companies make available to their CEOs.

Remember that letter Target sent to each of us the other day? Target warned they might not open any more stores in Chicago because of the overwhelming financial burden our living wage ordinance will impose upon their company. Guess how much Target paid their CEO, Robert Ulrich last year? \$39.6 million dollars, not counting the \$52.4 million in stock options. Let's assume Mr. Ulrich is the hardest working CEO in America, and he works 365 days a year without a day off. He is still earning over \$108,000 a day.

How much are we asking Mr. Ulrich to pay his workers? A starting salary for a check-out clerk at Target is \$7.25. Under our ordinance, that clerk next year will earn \$9.25 an hour, or \$8 more a day.

My colleagues don't let some \$100,000-a-day CEO tell us the sky will fall if we make him pay his sales clerk an extra eight bucks a day.

My colleagues, Chicago's working families need us to stand with them, not the multi-billion dollar corporations and their multi-million dollar CEOs. Workers who play by the rules and put in an honest day's labor should be able to earn enough to lift themselves out of poverty. That is all this ordinance does. It gives 10,000 Chicago working families a fighting chance at a better life.

I urge you to stand with Chicago's working families and support the Big Box Living Wage Ordinance.