



FRIDAY, DEC 26, 2014 04:00 AM PST

Let's all screw the 1 percent: The simple move Obama could make to strengthen the rest of us

You're working more hours and not getting paid for them. We can fix that -- and put more people to work. Here's how

PAUL ROSENBERG

Share 4K
939
g+1
0

TOPICS: OVERTIME, MINIMUM WAGE, 1 PERCENT, ECONOMY, BUSINESS NEWS



A still from "Titanic" (Credit: Paramount Pictures)

“The economy” in the abstract is doing relatively well, with **strong job growth**, a **booming stock market**, and **rising GDP**. But the **American people aren't feeling it**—and Democrats have paid a serious political price as a result—simply because the concrete, individual experience is quite different. Raising the minimum wage is one way to get at the problem—but for a problem that big, it's a limited line of attack. There are millions of Americans making well more than the minimum wage, yet still doing much worse than their similarly situated parents did a generation ago.

“So what's changed since the 1960s and '70s?” progressive billionaire venture capitalist **Nick Hanauer asked in Politico** back in November. “Overtime pay, in part,” he answered: “Your parents got a lot of it, and you don't. And it turns out that fair overtime standards are to the middle class what the minimum wage is to low-income workers: not everything, but an indispensable labor protection that is absolutely essential to creating a broad and thriving middle class.”

follow salon



Email Address

SUBSCRIBE

MOST READ



Let's all screw the 1 percent: The simple move Obama could make to strengthen the rest of us

PAUL ROSENBERG



More lethal than the Whopper: How Burger King pleases the 1 percent, screws its workers

ANTHONY MOORE



My horrible right-wing past: Confessions of a one-time religious right icon

FRANK SCHAEFFER



Rebecca Solnit: The Age of Capitalism is over

REBECCA SOLNIT, TOMDISPATCH.COM



Sean Hannity has epic Twitter meltdown after his colleagues name him 'Worst of Fox'

JOANNA ROTHKOPF



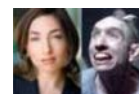
"Unbroken": Angelina Jolie's great (and boring) blow for Hollywood feminism

ANDREW O'HEHIR



Evil torturers catch a break: How America got distracted from a national travesty

ROBERT HENNELLY



Naomi Grossman of "American Horror Story": "I've never been told I was so pretty until played the ugliest person on TV"

MICHAEL HAYNE



Religion's smart-people problem: The shaky intellectual foundations of absolute faith

JOHN G. MESSERLY

11 percent of salaried Americans are covered today, compared to over 65 percent of them in 1975. If you make less than \$23,660 a year as a salaried worker, you qualify for mandatory overtime—if not, you're out of luck. Only those hanging on to the lowest levels of the middle class have those protections anymore. Just adjusting the wage level for inflation since 1975—an act of restoration, not revolution—would be as significant an income increase for millions of middle-class Americans as a \$10.10 or even \$15 minimum wage is for low-wage workers. It would cover an additional 6.1 million salaried workers (by one account) up to \$970 per week, about \$50,440 annually—the vast majority of those it was originally designed to protect, but who have slowly lost their protections since the 1970s. Hanauer proposes a slightly greater increase, intended to cover roughly *all* the workforce that was covered in 1975. That would raise the threshold to \$69,000 annually, and would cover an added 10.4 million workers.

“Salaried Americans now report working an average of 47 hours a week—18 percent report working more than 60 hours per week,” Hanauer wrote in a [follow-up piece for the Hill](#) in December. “If it feels like you’re working more hours for less money than your parents did a generation ago, it’s probably because you are.” But the solution, as indicated, is simple and the best part is that Congress has absolutely no say in the matter. It’s purely an executive branch decision whether to raise the eligibility level.

Oh, sure, conservatives are bound to yell, “Socialism!” But the original rationale behind the overtime regulations—enshrined in the [Fair Labor Standards Act](#) during the Great Depression, along with the minimum wage—comes right out of Adam Smith. Here’s a description from a [March 2014 report on the subject](#) from the Economic Policy Institute by Ross Eisenbrey and Jared Bernstein:

The fundamental idea behind overtime coverage, and the minimum wage, is to maintain a basic norm within our labor market. Under certain market conditions, for example when unemployment is high or workers hold especially low levels of bargaining power, employers might be able to require employees to labor long hours without receiving additional compensation. This was, in fact, the case prior to the passage of the FLSA. Congress decided that this was a market failure based on the asymmetrical bargaining positions of affected workers and employers, and thus enacted the OT rules to create a financial disincentive to subject employees to excessive work hours.

And here’s Adam Smith on precisely that same sort of [power imbalance and market failure](#):

In all such disputes the masters can hold out much longer. A landlord, a farmer, a master manufacturer, a merchant, though they did not employ a single workman, could generally live a year or two upon the stocks which they have already acquired. Many workmen could not subsist a week, few could subsist a month, and scarce any a year without employment. In the long run the workman may be as necessary to his master as his master is to him; but the necessity is not so immediate.

As for how that translates into policy, [Smith was equally blunt](#):

Whenever the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is sometimes otherwise when in favour of the masters.

And this is exactly how the history of overtime pay regulations has worked out, in large part simply by doing nothing, and allowing inflation to erode away all the protections for tens of millions of Americans.

The fact that Adam Smith would be sympathetic is not the only sign that the logic

JOEL WILLIAMSON



How one man destroyed the Food Network: Guy Fieri has made culinary TV into a viewer's hell

FARSH ASKARI

FROM AROUND THE WEB



32 Movie Scenes You Didn't Know Were Unscripted



Former Miss America Passes Away



9 Biggest Mistakes Caught On Live TV



Dean Cain On Ex-Girlfriend Brooke Shields



How Are The 'Harry Potter' Cast Members Doing Now?



The Major Evolution of Michelle Williams



18 Actors Who Got Snubbed Big Time



11 Celebrities You Wouldn't Want To Work With

Presented by Zergnet

SALON

Laws cannot make people good, they may say, but they can express society's approval and disapproval, they can encourage and support virtuous behavior, and that behavior itself can, in turn, change people's hearts over time. In the meantime, vice should not be rewarded.

OK, fair enough, you might say. But why would conservatives see overtime pay as good? Because of family values, of course, as Heidi Shierholz noted in an August 2014 EPI report, "[Increasing the Overtime Salary Threshold Is Family-Friendly Policy](#)":

To ensure the basic, family-friendly right to a limited workweek, the Fair Labor Standards Act requires that workers covered by FLSA overtime provisions must be paid at least "time-and-a-half," or 1.5 times their regular pay rate, for each hour of work per week beyond 40 hours.

Supporting strong families is a social good, which benefits from limiting the work week. If parents are asked to sacrifice family time, they should be paid extra for it. And the need today is greater than ever before, as Bernstein and Eisenbrey noted:

Preserving this right is just as important today as it was 75 years ago, and, when it comes to child-rearing, might be even more important. Between 1968 and 2008, the share of children living in households in which all parents work full time doubled from 24.6 percent to 48.3 percent.

Of course, I don't expect any movement conservative activists, media figures or politicians to make such an argument—or any other argument in favor of higher wages for ordinary Americans. But it does square rather well with what they at least once pretended to believe, and what legions of their sometimes followers still believe, which is part of why it would be very popular for Obama to expand the scope of overtime coverage—which, again, he doesn't need anyone else to sign off on.

The rationale for bold action from Obama is clear, as Hanauer noted back in mid-November:

Since the Republican Party's takeover of both houses of Congress in the midterm elections, all the talk in Washington has been about what won't get done because of gridlock between the White House and Capitol Hill. And Obama has talked of moving things forward by making unilateral changes to immigration law and climate protections.

But what about the most basic need of all—jump-starting the real economy by giving more middle-class Americans a fair shake? You would think that for a Democratic administration, raising the threshold back to where it once was would be a no-brainer....

However, Hanauer notes, with evident dismay, that the Obama administration seems to once again be going wobbly, to say the least. Administration officials "are likely to raise the threshold only partly," he wrote, "and the Obama administration has not yet grappled with the broader question of how moves such as this are critical to helping to restore America's middle class." And he's not just guessing. He's been in contact with those on the inside:

It is my sense, based on my conversations with government officials, that the administration is buying the line from corporate lobbyists who are arguing that such rule changes would devastate their bottom lines, forcing them to lay off workers. You know, the old trickle-down gambit—if workers earn more money, it would be bad for business, the economy and workers. The Obama team, in other words, is buying into the same discredited theories that were used to erode the threshold in the first place. Officials will very likely raise the overtime threshold just enough to say they're doing something, without actually doing much of anything for the middle class or our

SALON

This is the sad truth about Obama's economic policy—it's still stuck in Ronald Reagan's first term, when trickle-down was still a wild, untested theory, rather than one that had been **thoroughly discredited by 30+ years of evidence**, showing that supply-side economics is inferior in producing **investment growth, productivity growth, GDP growth, faster job creation, growth in median income or wages** while also causing the national debt to **increase substantially**. Obama doesn't just say nice things about Ronald Reagan from time to time, he *thinks* like Ronald Reagan, deep down in his bones, and—like Reagan—no amount of pesky facts are going to change his mind. But groundswells of public pressure got Reagan to change his tune several times—in making Dr. Martin Luther King Jr.'s birthday a national holiday, for example. So a similar groundswell of pressure on Obama to restore overtime protections to what they were in 1975 sure couldn't hurt—and it could even help shape the direction of the next presidency, provided that the Democrats win, as now still seems overwhelmingly likely.

The opportunity that Obama and the Democrats have is clear, as Hanauer wrote for the Hill:

Just think about it: With the stroke of his pen, President Obama could force your employer to pay you time-and-a-half for every hour you work over 40 hours a week. And if corporate America didn't want to pay you time-and-a-half, they would need to hire hundreds of thousands of additional workers to pick up the slack—slashing the unemployment rate and forcing up wages. That's 10.4 million middle-class Americans with more money in your pocket or more time to spend with your friends and family.

That's money that would not just make those workers better off, it's money that would fuel the rest of the economy as well, in sharp contrast to money in the hands of the 1 percent or higher, who spend far less of what they earn, and invest far more in speculative ventures, rather than solid productive enterprises. That's how the basic logic of Keynesian economics works, and despite decades of propaganda to the contrary—much of it coming from economists who should know better—that's exactly what America's economic history confirms. Doing what Hanauer advises—and firing the supply-siders in his own administration—would be the smartest thing President Obama could do right now, to ensure that the economy keeps on growing, regardless of what congressional Republicans try to do in the next two years.

One final thought. In her report, the source of the 6.1 million figure mentioned above, Heidi Shierholz summarizes her main findings as follows:

- 6.1 million workers would be newly covered by an increase in the salary threshold from \$455 per week to \$984 per week.
- The newly covered workers would be those at the low end of the salary scale who have limited individual bargaining power and would therefore benefit from the overtime protections of the FLSA.
- The increase would disproportionately help women, blacks, Hispanics, workers under age 35, and workers with lower levels of education because these workers are more likely than other subgroups to have lower salaries that put them below the proposed new threshold

It's not really a surprise that the proposed changes would have such an effect. It's no surprise, since those left behind by the erosion of protections in place 40 years ago are disproportionately female, black, Hispanic, young and less educated. These are precisely the groups who were largely excluded from the salaried job marketplace "**When Affirmative Action Was White**," as the title of Ira Katznelson's book puts it. And they are precisely the groups who have formed Obama's electoral base. Older white males—the conservative beneficiaries of America's welfare state in its most robust form—will no doubt scream bloody murder when this is pointed out to them, by Glenn Beck or Rush Limbaugh or some other blowhard, who of course "doesn't see race" anywhere. And that should be the surest sign of all to Obama that it's exactly the right thing for him to do.

MORE PAUL ROSENBERG.



Share

4K



939



g+1



0



Elizabeth Warren's real beef with Antonio Weiss: What her fight against him is *actually* about

Next Article

YOU MIGHT ALSO LIKE

More from Salon

- 5 billionaires who are making life miserable for ordinary Americans
- Why a Republican Congress might actually be the end of the world
- I'm the other woman
- 20 amazing quotes from atheists that prove religion isn't necessary for a...
- These are lies the New York Times wants you to believe about Russia
- The world's biggest drinkers are not who you think

We Recommend

Promoted Links by Taboola

MORE RELATED STORIES

The 8 biggest product fails of 2014

The 8 biggest product fails of 2014

More lethal than the Whopper: How Burger King pleases the 1 percent, screws its workers

More lethal than the Whopper: How Burger King pleases the 1 percent, screws its workers

The 10 worst things Wal-Mart did in 2014

The 10 worst things Wal-Mart did in 2014

FEATURED SLIDE SHOWS



1 of 11





[View Slideshow](#) ▶

TEN SPECTACULAR GRAPHIC NOVELS FROM 2014

Beautiful Darkness by Fabien Vehlmann & Kerascoët

Kerascoët's lovely, delicate pen-and-watercolor art -- all intricate botanicals, big eyes and flowing hair -- gives this fairy story a deceptively pretty finish. You find out quickly, however, that these are the heartless and heedless fairies of folk legend, not the sentimental sprites beloved by the Victorians and Disney fans. A host of tiny hominid creatures must learn to survive in the forest after fleeing their former home -- a little girl who lies dead in the woods. The main character, Aurora, tries to organize the group into a community, but most of her cohort is too capricious, lazy and selfish to

[Photos from the Happy Ending Salon](#)

[Photos from the Happy Ending Salon](#)

[Make Summer More Poetic with These 10 International Works](#)

[Make Summer More Poetic with These 10 International Works](#)

[8 Illustrated Books for Every Age and Every Summer Reading List](#)

[8 Illustrated Books for Every Age and Every Summer Reading List](#)

RELATED VIDEOS



Obama Issues Order Easing Student Loan...



Poll: 49 Percent Of Americans Say...



Wall Street Ends Higher on 'Fiscal Cliff' Hope...

COMMENTS

Loading Comments...

SALON

Copyright © 2014 Salon Media Group, Inc. Reproduction of material from any Salon pages without written permission is strictly prohibited.

SALON[®] is registered in the U.S. Patent and Trademark Office as a trademark of Salon Media Group Inc.

Associated Press articles: Copyright © 2014 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.