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EDITORIAL

## Everyday Low Wages

Mayor Richard M. Daley of Chicago wielded the first veto of his 17-year tenure this week — and the City Council supported him — striking down Chicago's short-lived plan to force behemoth retailers like Wal-Mart to pay higher wages and benefits.

In this round, Mr. Daley, the retailers and local Wal-Mart suppliers argued that mandating higher compensation would do more harm than good by driving business and employment opportunities away from low-income neighborhoods.

But the choice — between no jobs or low-wage jobs — is probably a false one. Wal-Mart and other mega-retailers, like Target and Home Depot, need market share. With suburban areas saturated, cities are the logical places to grow. Wal-Mart especially needs more American consumers, having recently pulled the plug on unsuccessful attempts to expand in Germany and South Korea. It is currently planning to expand in Santa Fe, N.M., where local laws require higher wages than the company normally pays.

Another argument propounded by Wal-Mart is that paying higher wages would compel the company to raise its prices, hurting low-income consumers. Wage gains do not automatically lead to higher prices. They could be absorbed by higher productivity or by a narrowing of profit margins. Given Wal-Mart's profits, the company could improve its wage structure and still beat the competition.

The Chicago ordinance raised legal and technical questions. If Mr. Daley had not wielded the veto, it would surely have faced a court challenge. But proponents of living wages have the moral high ground, and are increasingly finding a political voice. Chicago hasn't heard the last of them, and Washington hasn't either.

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