Opinion: U.S. needs to redefine poverty

By Francis Secada, Al Jazeera America

The recent campaigns to push for an increase in minimum wage rates across the United States have attracted much media coverage. The state of New York is making moves to approve a $15 per hour price floor, joining Seattle, San Francisco and Los Angeles. There is growing support for ensuring minimal income levels to promote equitable living standards. Less attention has been paid, however, to the capricious relationship minimum wage policy has with inflation. The U.S. is unique among developed nations in maintaining an inadequately low federal poverty rate and failing to accommodate increases in the cost of living.

The federal minimum wage rate has historically been intended to provide the minimal salary working Americans need to earn a meaningful living. Though the minimum wage has been increasing consistently since its enactment in 1938, at 25 cents per hour, its value in any given year has to be understood in terms of real dollars. Factoring in the Consumer Price Index, the jump in the minimum wage from $5.15 in 2006 to $7.25 in 2009, for instance, was minimally significant in terms of providing financial relief.

The real purchasing power of a minimum wage fluctuates greatly, peaking and dropping at intervals. Moreover, each increase in the minimum wage is reactive, providing some relief to low-skill workers, but then dropping in subsequent years, until federal action is required yet again. In other words, with each passing year, wages remain stagnant while the purchasing power of the dollar becomes progressively weaker.

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