

Teenage subminimum wage sparks debate

By **STEPHEN KNIGHT**
Of the Emerald

University students who compete with teenagers for part-time jobs may have a problem if Pres.-elect Ronald Reagan keeps his campaign promise on the minimum wage.

Reagan has said he hopes to reduce unemployment in part by lowering the minimum wage for teenagers.

Teenage unemployment hovers around 18 percent. For black teenagers it's about 30 percent. According to proponents, a subminimum wage law would give businesses an incentive to employ jobless teenagers who occupy the lowest strata of the job market.

Sen. Orrin Hatch, R-Utah, recently predicted that when "the minimum wage goes up to \$3.35 an hour, thousands—no hundreds of thousands—of kids will lose their jobs because businesses just aren't going to pay that much for young people who are only worth \$2.50 an hour."

Hatch, the new chair of the Senate Labor Committee, and others believe a subminimum wage would give thousands of idle teens a chance to join the country's work force.

But not everyone agrees.

Irv Fletcher of the Lane County Labor Council claims the subminimum wage proposal is nothing more than "a subsidy for big businesses."

"Lower wages would just give businesses an incentive to replace older workers with cheaper teenage labor," Fletcher says.

Fletcher says he doesn't see why paying young people less would create more jobs. In theory, part of the cut in wages is a price for training an unskilled worker, but 99 percent of teenagers' jobs require no skill at all, he maintains.

"It takes a kid about 15 minutes to learn his job at McDonald's."

Fletcher says McDonald's, which employs thousands of teenagers, is the major beneficiary of such legislation, along with businesses such as janitorial services, restaurants, motels and nursing homes.

But Karl Frederick, employee benefits director of the Association of Oregon Industry, says it's "ridiculous" to assume the proposal is a plot to put money in the pockets of big business.

"Most industries are paying way above the minimum wage and have nothing to gain from a lowering of wages for teenagers" Frederick says.

Because of the minimum wage many youths have been squeezed out of the job market by older workers, he claims, citing a study done by Finis Welch, a UCLA economics professor and Rand corporation consultant.

The study concluded minimum wage laws have failed since the 1930s. Welch says the minimum wage freezes out marginal employees and new entrants.

Like Welch, Frederick advocates abolishing the minimum wage and replacing it with a "learning wage." Many European countries, Washington and California have two-tiered wage scales, he says.

Fletcher argues the subwage laws in Washington and California only apply to a low number of small businesses.

Black teenagers who are suffering the most from high unemployment would benefit the most from a "learning wage," Fletcher says. A subwage law would stimulate small retailers and other businesses

to create jobs in the inner city, he says.

"To believe McDonald's is going to open three restaurants in Harlem just because they can pay a black kid less is bullshit," he says.

Black teenagers are the victims of discrimination, not the amount of the wage itself, he adds.

How would teenage college students be affected by a subminimum wage law?

Frederick says most wage proposals deal with non-college students.

"It's the 14 to 16 year old group that we are truly concerned about."

However, Oregon Student Lobbyist Bob Watrus is concerned about the measure. The federal subwage proposal strongly resembles the Student Learner Exemption Bill that he and others fought for two years to repeal, Watrus says.

The bill allowed employers to hire college students for less than the minimum wage. Watrus says the OSL was successful in getting state wages for college students raised to federal levels this year under the Higher Education Amendment of 1980.

Watrus says he fears a sub-

minimum wage law for teenagers on a federal level could nullify the Higher Education Amendment.

Meanwhile, Fletcher says he has a wait-and-see attitude about the possibility of college students being affected by subwage legislation.

Another problem with the possible legislation is whether teenagers currently employed would have their wages lowered if the subwage proposal becomes law.

Frederick says the legislation would not be retroactive and would apply only to new entrants.

Fletcher says "big business" interpreted Reagan's victory in November as a mandate to roll back labor's gains over the last three decades. And labor probably will be on the defensive for at least four years against anti-labor legislation such as the subwage proposal for teenagers, he predicts.

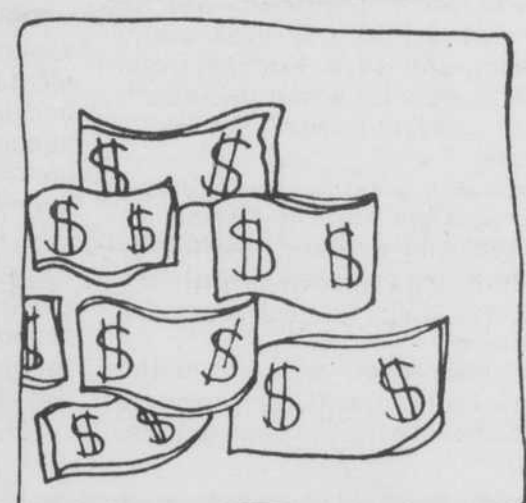
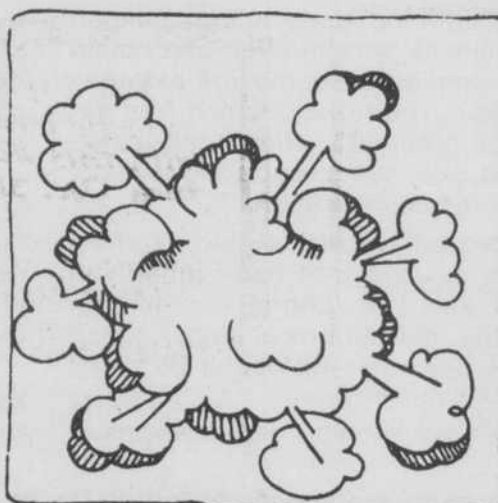
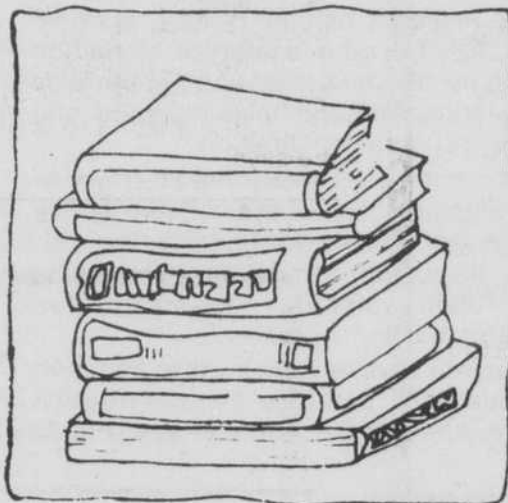
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