editorial opinion

What's the bottom line on minimum wage?

Suppose you live in Farmington in a $200 a month apartment—bills paid—with your spouse and two children. For one reason or another you find yourself working 40 hours a week and earning the current minimum wage of $2.30 an hour.

Before taxes are deducted, your paycheck would total $92 a week.

Now suppose you live in the same place with the same family, but you qualify for Aid to Dependent Children Unemployed (AIDU), as 742 families in Oakland County did as of February, 1977.

You'll take home a minimum of $103.48 per week tax-free.

For one-parent families, the biggest ADC category including 10,252 families in Oakland County, the government paycheck would be similar, depending on the number of persons in the family.

No one has ever accused the government of acting logically, and it's probably impossible to determine why the federal government would want to make it fiscally more desirable to collect welfare—and therefore consume taxes—than to work—and therefore produce taxes.

INCOMPREHENSIBLE or not, that is the present situation.

It is not, however, that situation which anti-wage hike forces choose to debate.

A loss of jobs resulting from a wage hike is the primary argument against raising the minimum wage.

There is some merit to the argument. Increasing the wage will, in all likelihood, lead to a direct loss of some jobs. Some jobs will be lost to automation and some will be lost through businesses folding.

An important part of this nation's economic history is change. The economy, and what it produces, must face the reality of supply and demand, and it's both unreasonable and insupportable for the government to effectively subsidize borderline industries through an unrealistic minimum wage—and any income minimum wage that results in less income than welfare is truly unrealistic.

AUTOMATION is the other prime source for job losses, but it can be reasonably argued that jobs easily replaceable by machines probably already have been replaced by machines. Jobs affected by a wage hike now are jobs that are borderline anyway.

By failing to raise the minimum wage, the government effectively creates a fairy-tale economic climate for those borderline jobs.

And profit-conscious businessmen will automate with or without a wage hike.

At issue, then, are those relatively few jobs that will become suddenly cheaper to perform with machines than with people, if the minimum wage is hiked.

Those machines will probably be used. But they won't manufacture themselves. People will have to hold jobs to make them and jobs will thus be created as well as destroyed by a wage increase.

THE AFC-CIO wants a $3 minimum wage, while President Carter has endorsed an increase to $2.65 an hour. Although it's likely that some increase is in the offing, how will it affect our worker in a family of four?

At President Carter's proposed $2.65 an hour, the worker's weekly wage would jump to $106, a $2.52 per week difference between the minimum wage weekly salary and the weekly welfare check.

Since the worker would still pay taxes on $106 a week, the financial benefits are hard to visualize.

That family's after-tax salary would be about $1,000 less than the federal poverty level.

In other words, if that person loses his or her job, his or her situation won't be any worse than it will be if the job is kept but the wage isn't raised.

MIKE SCANLON

Abolish road commission? Oakland board thinks so

Tim Richard

In his monumental work on Henry Ford (I) and the Ford Motor Co., historian Allen Nevins dwelt on the deplorable condition of roads at the turn of the century and on the reform movements aimed at taking roads out of politics.

One response was the establishment in Michigan of an elected state highway commissioner and the establishment in counties of nearly autonomous road commissions.

In the 1963 constitution, Michigan recognized that an independent state highway commissioner had outlived his usefulness and set up a director and four-member commission that report to the governor.

But the county road commissions live on.

In neighboring Wayne County, the appointed road commission spends more money than the elected county board and even runs airports and parks.

In this context, what the Oakland County Board of Commissioners did recently makes eminent sense. It called for abolition of the road commission. This would have to be done by a state law which would abolish the road commission in those counties which have an elected executive or manager. So far, Oakland is the only county whose voters have had sense enough to adopt the executive system.

In the federal government, we have a secretary of transportation who reports to the president; in Michigan, we have a highway commission and director who report to the governor; why shouldn't Oakland County have a road manager who reports to the executive?

Bruising the image

This observer has watched and read about many county governments at work and has always admired profusely the way Oakland County did things. Nowhere in Michigan are so many services performed by county government; nowhere have so many organizational advances been made.

And so it's distressing to see Oakland politicos give the county a bad name in their talk about how "controversial" the executive system is. On balance, the system is working well. There's a visible head of county government, a single budget-maker, a responsive voice.

What "controversy" there is appears to be largely partisan—Democrats and some old-fashioned Republicans who don't like modern Republican Daniel T. Murphy. It's unfortunate that Murphy's critics, when they are well-intentioned, tarnish the reputation of the system as well as the politician they dislike.

Vetoing the veto

There's talk of rewriting the state law to reduce or remove the county executive's veto power. The arguments are very subtle.

The executive actually has broader veto powers than the governor. Whereas the governor may veto only bills passed by the legislature and not resolutions, the executive may veto anything.

Murphy, to his great credit, has exercised his veto power sparingly and carefully. He has vetoed board resolutions only when they would have the effect of interfering with his powers or the conduct of his office.

This happened in 1976 when a Democratic-controlled board aimed several resolutions to the legislature whose purpose was either to curb the executive's powers or reverse the logical trend toward centralized administration.

Democratic response has been to lament that the board can be deprived of any formal way of expressing itself to the legislature. That isn't entirely true, as Democratic leader Larry Pernick of Southfield amply proved when he testified at length to a legislative committee recently.

There's an ironic note in all of this. Here in 1977 are the Democrats seeking to reduce or eliminate the executive's veto power and fighting further unification of the county administration, but in 1974 they were in favor of a county executive while Republicans were in favor of a veto-less, appointive county manager.

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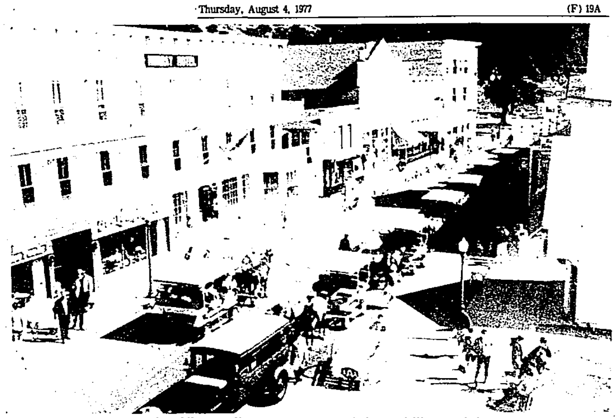


Mackinac Island: While traveling, you can smell fudge and lilacs and horses.

Mackinac musings

We've lost sounds, smells

Observation Point

by PHILIP H. POWER

I had not been on Mackinac Island since I was a little kid, so my impressions were fresh and vivid.

Mostly they did not come through my eyes, although the sweep of the famous porch of the Grand Hotel is magnificent, and the white 19th century stores and houses nestling under the jut of the old fort are charming.

What struck me came through my ears, my nose and my own inner clock. The clip-clop of horse-drawn carriages in the still of the night. The hoot of the foghorn on that humid evening. The friendly, warm smell of horses. The quiet sounds of people walking, and bicycling, and horses.

And, after a a time for unwinding, the restful, relaxed pace of life.

MACKINAC ISLAND, as you know, has no cars. If you want to get around, you do it by your own two legs (walking and bicycling) or by horse.

Wandering around the island, coming out of a suburban environment so dependent on the automobile and so fixed on the hurry-hurry attitude that the automobile causes, was a great pleasure.

I had time to look at the enormous lilacs, the size of good trees, as I walked by; in a car, they would have disappeared in a flash. I had space for my ears to listen to the sounds of waves plashing and gulls screeching; with cars going by, all I would have hears was the whoosh and roar of traffic. I had air for my nose to smell the fudge cooking and the flowers blooming; in an automobile environment, all I would have smelled was diesel fumes and oxides of nitrogen.

Mackinac Island is a nice place to be, and it got me to musing.

IT SEEMS WE may have lost a good deal more than we realize when our society converted to the automobile in a big way.

Certainly the benefits of a car are very great: convenience, speed, mobility, efficiency. But the costs are there, even though they are hard to notice until you get away from an automobile-permeated place.

For me, the easiest way to summarize the change brought by the automobile is that we went from a human-scaled environment to a machine-scaled one.

Now, I don't think we will ever get back to a society without the car, except for places such as Mackinac Island. The whole economic and social structure of the country is built around the automobile, and to eliminate it would do great damage.

BUT MIGHT THERE be some use in thinking about creating little oases, here and there, where cars do not intrude and where people can live and walk in a human-scaled place?

Detroit reports great success with the old trolley car running down to Cobo Hall, and horse-drawn carriages are next on the list. That's a good start, but they are competing with the automobile in downtown Detroit and, at best, are little more than pleasant curiosities.

Some cities—Kalamazoo was one of the earliest—took downtown streets and blocked them off from cars, creating downtown malls to compete with the hurly-burly of the automobile-based shopping centers outside town. Reports are that the experiment has worked well in Kalamazoo.

WHY NOT APPLY the idea to parts of communities in the suburbs?

Plymouth has a lovely downtown, with a magnificent village green in the center. Birmingham has a similar situation, as do Rochester and Farmington.

Why not set aside part of these old, fine, human-scaled downtowns for human use and ban the car from the area?

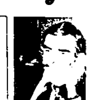
Parking could be set up around the edges of the no-car area. And people have to walk just as far to do their shopping in a big shopping center as they would have to do in a downtown mall.

So the economics might not be as silly as they seem at first glance.

And the intangible—the "draw," to use the advertising term—would be that there would have been created a small, quiet, humane oasis in the middle of the humming, buzzing stench of our automobile-based life.

I think it's worthwhile considering.

Rescuing Social Security



Eccentricities

by HENRY M. HOGAN, JR.

The Social Security system was created by statute in 1937. It was designed to act as a financial cushion which would encourage recipients to save to supplement it.

University of California economist Peter Somers now terms it "the biggest single roadblock to the security of the American wage earner."

What started off as a forced retirement plan, half paid for by the employee on a limited amount of earned income, has now become an expensive welfare system that is not actuarially sound and about to go broke. It was meant to pay a small amount toward retirement and treat people equally by taxing only the lowest part of their income.

Were it not a baby of the federal government, it would have been closed down long ago as a fraudulent scheme. Contributions to the system were supposed to be paid into a trust and held for the benefit of the worker.

Instead, benefits have been increased over the years without providing enough funds to pay the benefits even though the contributions have increased over 800 per cent and hence the system is now using present payments to cover past obligations. It is only in time (possibly in 1979) that all the funds run out.

The Carter Administration has presented proposals to Congress to bail out the system.

THE MAIN PROPOSALS would eliminate, over a period of four years, the ceiling on wages which are taxable for Social Security purposes. (The current level is $16,500, but if the administration proposal goes through, the employer must pay Social Security taxes on the full amount of his employees' wages by 1981).

This is really placing the burden on business to pay the subsidy for social welfare because employees with incomes higher than $16,500 incomes would not receive higher benefits.

Unfortunately, the Carter plan does nothing about the long-standing inequities of the Social Security system. As it now stands, persons who contribute don't necessarily receive benefits; persons who don't contribute may receive benefits. Some are "docked" for working after retirement, while others having a greater income, though not earned, receive full benefit. It simply doesn't make sense.

Recently, during testimony before a Senate subcommittee, an original idea was presented—one which would correct many of the inequities described above.

The idea came from the National Federation of Independent Business (NFIB), an organization which represents 515,000 small business firms across the country.

The NFIB proposal would divide the current Old Age and Survivors Insurance (OASI) program into two parts. Part A would resemble the existing insurance program, but with some conceptual changes. Under Part A, each individual would receive as a benefit his or her accumulated employee-employer conbribution, plus interest.

SINCE THE PART benefit may not be enough for some individuals or families to exist at reasonable standards, there would also be a Part B, patterned after the existing Supplemental Security Income (SSI) program.

Part B beneficiaries would receive two checks—their Part A entitlement based on employment contributions, and their Part B benefit based on family need. Since Part B benefits would be social subsidies and not earned entitlements, they would be financed from the general revenues, subject to annual appropriation.

This proposal makes sense for several reasons. For one thing, it separates earned entitlements from social subsidies, which makes the system more manageable; for another, since Part B benefits would come from the general revenues, the proposal forces everyone to pay a fair share of subsidies for the low-income elderly.

Under the present system, approximately two million Federal government employees and three million state and local government employees pay virtually nothing toward these subsidies because they are not covered by Social Security. They are covered by governmental pension plans.

The proposal would also eliminate many of the inequities described earlier since all individuals would receive their employer-employee contributions, plus interest, regardless of income, sex, or work status.

To merely raise taxes to cover higher costs of Social Security is a stop-gap, temporary measure. Now is the time to reform the system and separate the funds contributed by individuals and their employers for the individual's benefit from the additional funds needed for social welfare.