Biden, Democrats seek huge increase in US minimum wage

New measure to more than double federal minimum wage to $15

NEW YORK: When President Joe Biden unveiled a $1.9 trillion stimulus proposal earlier this month, few were surprised by the plan's hefty price tag or sweeping scope. More striking was Biden's inclusion of a measure to more than double the federal minimum wage to $15.

The move, backed by leading Democrats including left-wing Senator Bernie Sanders, establishes the fight for higher wages as a top priority for the new administration, potentially leading to one of Washington's boldest adjustments in US social and labor policy in decades.

The fate of the initiative-which so far lacks support from Republicans-will help determine whether Biden delivers on a core pocketbook issue as US income inequality widens during the COVID-19 pandemic. Sanders, a former presidential candidate, called the current federal minimum wage of $7.25 an hour a "starvation wage" as he unveiled the proposal for an increase in Congress. The senator said he hopes Republicans "will understand the severity of the crisis," but added that Democrats should be prepared to enact the policy on a narrow party-line vote.

Such an increase would boost wages for more than 32 million US workers, according to the Economic Policy Institute, a progressive think tank. The Sanders bill proposes "a significant increase in the minimum wage," Ben Zipperer, an economist at the institute, told AFP. "Unfortunately, we have quite a big hole to dig out of in terms of providing what low-income workers need."

Popular support

The bill would put the United States on par with a growing number of states and cities that have already enacted the hike at the urging of the "Fight for $15" movement launched by fast-food workers in the early 2010s. "The bump up made it a little bit easier," said Maggie Breshears, who works at grocery store and retailer Fred Meyer in Seattle and has gone from making about $10 per hour in 2013 to $17.59 after Seattle lifted its minimum wage in 2014.

The US minimum wage was first enacted in 1938 as part of President Franklin Delano Roosevelt's New Deal reforms. The measure has been periodically increased since then, most recently in 2007, when Congress lifted it gradually from $5.15 to $7.25 an hour, which would equal a $15,000 annual salary.

Barack Obama was unable to win a boost during his eight-year presidency from 2009 to 2017. In 2019, the House of Representatives approved an increase, but the bill died in the Republican-led Senate.

Compromise ahead?

Supporters of an increase draw hope from rising public support apparent in 2020, when Florida voters backed a hike to $15 per hour at the same time the state voted for Republican President Donald Trump, who ended up losing re-election. In Arkansas, another Republican state, 68 percent of voters in 2018 backed gradually increasing the wage to $11 an hour.

"If we had left it to the legislature, it would have stayed at $6.25," where it was before the most recent federal increase, said Kristin Foster, an Arkansas political consultant who directed the 2018 campaign. "The only way it was able to pass was through the ballot."

Several large companies, including Amazon, Target and Starbucks, have set $15 as their minimum wage for US workers. Others that once fought the measure have given ground. These include McDonald's, which said the discussion on the minimum wage represents an "important one that McDonald's looks to advance, not impede."

Supporters of the wage increase welcome large companies' endorsements, but say it is too soon to know whether they will shift the politics of the issue.

The Business Roundtable, which represents the biggest US companies, said the Sanders bill was a starting point. "We agree that the current federal minimum wage of $7.25 is too low, and we are in favor of an increase at the federal level," said a spokeswoman. —AFP

WASHINGTON, DC: Service industry worker John Wenger speaks in support of today's introduction of the Raise the Wage Act, which includes a $15 minimum wage for tipped workers and is also included in President Biden's American Rescue Plan at the National Mall in Washington, DC. —AFP

China's factory activity slows on new COVID wave

BEIJING: Factory activity in China slowed slightly in January, official data showed yesterday, as the country rushed to stamp out a recent coronavirus wave in northern China. The purchasing managers' index (PMI), a key gauge of manufacturing activity, came in at 51.3 this month, as the world's second-largest economy tightened COVID-19 precautions ahead of the Lunar New Year.

The figure was slightly below December's reading of 51.9, although still above the 50-point mark separating growth from contraction. "Recently, local clusters of the epidemic emerged successively in many places across the country, and the production and operations of some enterprises were temporarily affected," said National Bureau of Statistics (NBS) senior statistician Zhao Qinghe.

Zhao added that the period around the Lunar New Year is traditionally an "off-peak season" for the manufacturing industry. The latest data indicated that the business climate remains weak for small firms, although domestic consumption picked up ahead of the festive period.

Export demand slowed after Christmas as the pandemic continued spreading worldwide, the NBS added. China's non-manufacturing PMI saw a larger drop to 52.4, from 55.7 last month, taking a bigger hit from the domestic virus resurgence.

Industries including accommodation and catering saw a "more significant" drop in activity, while the construction industry went into an off-season. The fall in the PMI reflects weakening growth momentum due to government measures to contain the new COVID-19 wave, including tightening social distancing rules, re-imposing lockdowns and travel bans in some parts of China, Nomura's chief China economist Lu Ting said. "The inevitable, seasonal rise in population mobility and family gatherings in coming weeks, albeit likely much smaller than their pre-pandemic levels, may keep these COVID-19 prevention measures in place for a longer time," he added.

Accordingly, non-manufacturing activity could dip further in February, he said. But with migrant workers encouraged to stay in the cities where they work this year instead of returning home, manufacturing PMI might rebound slightly in the coming month, said Lu. —AFP

A worker checking protective suits at a workshop of a company which produces medical protective equipment in Jishou, in central China's Hunan province. —AFP

Britain to apply to join Asia-Pacific free trade bloc

LONDON: Britain will apply to join a massive 11-nation free-trade bloc of Asia-Pacific countries, it announced Saturday, weeks after leaving the European single market with its departure from the EU.

International Trade Secretary Liz Truss will formally request Monday for Britain to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), a market representing half a billion people and roughly 13.5 percent of the global economy. The CPTPP application will come one year after Britain left the European Union following more than forty years of membership-and after five years of complex trade discussions.

British Prime Minister Boris Johnson said the potential new partnership would "bring enormous economic benefits for the people of Britain". "Applying to be the first new country to join the CPTPP demonstrates our ambition to do business on the best terms with our friends and partners all over the world and be an enthusiastic champion of global free trade," he said.

Negotiations between the UK and the partnership-which represents 11 Pacific Rim nations including Australia, Canada, Chile, Japan, Mexico and Vietnam-are expected to start this year, the trade department said. But opposition Labour party shadow international trade secretary Emily Thornberry questioned the lack of transparency surrounding the pact.

After five years of debate over Brexit trade agreements, she said people would question the British government's decision "to rush into joining another one on the other side of the world without any meaningful public consultation at all." "At present, Liz Truss cannot even guarantee whether we would have the right to veto China's proposed accession if we join the bloc first," she said.

'Enormous opportunities'

Truss said joining the CPTPP would offer "enormous opportunities". She has touted joining as Britain made agreements with members such as Japan and Canada in the wake of Brexit, with British media reporting that CPTPP nations accounted for around eight percent of UK exports in 2019. Truss said the deal will mean lower tariffs for car manufacturers and whisky producers, as well as "delivering quality jobs and greater prosperity for people here at home".

Karan Bilimoria, president of the UK's largest business lobby group the Confederation of British Industry (CBI), said the move marked a "new chapter for our independent trade policy".

"Membership of the bloc has the potential to deliver new opportunities for UK business across different sectors," he said. The CPTPP was launched in 2019 to remove trade barriers among the 11 nations representing nearly 500 million consumers in the Asia-Pacific region in a bid to counter China's growing economic influence.

The partnership is an updated version of a giant deal originally backed by former US president Barack Obama. The United States pulled out of the agreement under Donald Trump's presidency-turning away from what he viewed as unfavorable multilateral deals-but 11 countries eventually agreed to sign the new version. Following Britain's definitive departure from the European Union after a one year transition period out of the European single market at the end of 2020, the UK has sought to advance the brand of "Global Britain" in 2021. —AFP

Freight lorries and HGVs disembark from the Stena Line ferry 'Kerry', after arriving at the port of Rosslare Harbor in Rosslare, southeast Ireland. — AFP

With Amazon billions, MacKenzie Scott shakes up philanthropy

WASHINTON: Food banks, immigrant rights groups, and struggling colleges across the US discovered a surprise benefactor last year as billions of dollars flowed into organizations hurting during the pandemic from MacKenzie Scott, the ex-wife of Amazon founder Jeff Bezos.

Scott unlocked a staggering sum of nearly $6 billion in charitable gifts last year, and unlike many other large donors did not attach any restrictions or even naming rights requirements.

The approach has shaken up the philanthropic world, not only with the size of her gifts, but without the limits and accounting requirements of many large foundations or donors. Laura MacDonald, board chair of the Giving USA Foundation, a nonprofit which conducts research on philanthropic giving, said Scott's approach is part of a movement of "trust-based philanthropy" which does away with some of the red tape imposed by many donors.

MacDonald said Scott's approach moved beyond the "Big Brother" approach of some donors and the venture capital mindset which permeates much of the business world. "Trust-based philanthropy has catapulted to the top of the list of taking points" in the philanthropic world as a result of Scott's initiative, MacDonald said. "This may embolden other donors to try something and take more risks."

In December, Scott's latest funding round included 384 organizations ranging from Blackfeet Community College in Montana to the Arkansas Food Bank to the Immigrant Families Fund.

"This pandemic has been a wrecking ball in the lives of Americans already struggling," Scott wrote in a blog post. "Economic losses and health outcomes alike have been worse for women, for people of color, and for people living in poverty. Meanwhile, it has substantially increased the wealth of billionaires." —AFP

In this file photo, CEO of Amazon Jeff Bezos (left) and MacKenzie Bezos attend the 7th Annual Sean Penn & Friends HAITI RISING Gala benefiting J/P Haitian Relief Organization in Hollywood, California. — AFP