

Nickel and Damned: Barbara Ehrenreich's View of America

by Larry Schweikart

When Barbara Ehrenreich's book *Nickel and Dimed: On (Not) Getting By in America* came out last year, I knew it would be the perfect foil to another book I used in my classes, *The Millionaire Next Door*, by Thomas Stanley and William Danko (1996). Don't ever say that academics don't have a sense of humor.

At any rate, Ehrenreich must be given credit for at least entering the world of minimum-wage work, rather than sitting in her comfortable study or pontificating from a lofty perch at a think tank. The woman did get her hands dirty, quite literally. At times, a little less dirt and a little more scholarship might have been useful.

Ehrenreich conducted a live experiment in which she worked at minimum-wage jobs, living, as best she could, in whatever circumstances those wages would afford. She worked in Florida as a waitress at a greasy spoon, sometimes for \$2.43 an hour, plus tips. Soon, she augmented her job with other work, such as housekeeping. Having satisfied herself with that part of her experiment, she moved on to Maine, where she toiled as a maid, and finally completed her research

with a stint in Minnesota at Wal-Mart. She concluded that if she could have maintained her two-job regimen, and if she had no dire or sudden illnesses, she could have just barely gotten by. Despite her occasional genuinely funny quips—her exposition on feces, as a maid, is something to behold—her overall message is incredibly depressing and drenched in hopelessness. If her assessment is accurate, it is impossible to get by in America in low-level jobs. That's *if*.

Fortunately for many Americans—and for virtually all people who find themselves in these jobs—Ehrenreich's analysis has fatal flaws. Since it is certain this book will become the basis for many other “can't-get-by” studies that pass for policy analysis, it is worth analyzing her weaknesses in some detail.

First and foremost, Ehrenreich *pretended* to be a minimum-wage worker. She *acted* in a role for a few months. Critics might see this as supporting her position, but I think it blows up the entire foundation. The purpose of work is not to get by, but to get ahead. This is a critical distinction: how Ehrenreich looks at her work and life, and the reality of the situation. Most people, no matter what the job of the moment, see it as a way to get ahead later. Yet Ehrenreich did not even try to move up. She lied about her

Larry Schweikart (schweikart@erinet.com) teaches history at the University of Dayton.

education and credentials at the outset so as to not prejudice the employers, either favorably (by giving her higher-paying positions) or negatively (“What’s wrong with you that you can’t find a gig with all your education?”). She apparently doesn’t see this as a slap in the face for all those “proletarians” with whom she identifies who struggle to *get that GED*, or to get a college education at night.

Not only did she not try to advance, but she never sought out others who had. We learn about the private, sometimes tragic, lives of many of her co-workers, but never find anyone who made it into management, who left for greener pastures, or who even made it to the top of the low-level wage ladder. Quite the contrary, none of her managers are appealing: they are all greedy, petty, stupid, egotistical, and uncaring.

Since Ehrenreich’s story involves personal experience as fact, my own background must be equally valid, if dated. When I turned 15, I got a minimum-wage job at Der Weinerschnitzel—the hotdog version of McDonald’s. Almost instantly the manager (who was, as best I could tell, neither stupid or uncaring) was willing to make me an assistant manager. It had something to do with being able to remember to turn the sign off before I went home. Soon, I left the “dog house” for a better job, as a carryout boy at a local (and locally owned) grocery store. At the time I saw that as my big break: I started at \$3.35 an hour, plus overtime, plus double time on holidays. Several women worked as cashiers there and had been there for years. Word got out that they earned more than \$10 an hour! Again, while the managers did not baby us—they expected hard work and good habits, as well as a smile—we were well treated, and, for the day, well paid. It was an interracial staff, both among the carryout boys and the management. But no one there, unless someone was aiming at a managerial position, planned to stay at the grocery store his entire life. It was, as most minimum-wage jobs are, an entry-level position designed to train people in basic skills (working a cash register, counting change, stocking, taking inventory,

ordering, and above all, being polite and energetic).

Wouldn’t Go Hungry

There was a flip side to Ehrenreich’s self-imposed limits: “I had no intention of going hungry.” Harsh as it may be, though, there is a powerful incentive when one goes hungry. It was exactly that kind of incentive, both in positive terms of advancing and in negative terms of utter failure, that rendered her experiment unrealistic.

If Ehrenreich missed this important (fundamental?) element to the world of minimum-wage work, or any work for that matter, what else did she miss? Plenty.

One is struck by the utter absence of marriage in this book. Most of Ehrenreich’s sob-story examples are women who are single with children or are “living together.” This is not a minor point. Charles Murray and others have demonstrated irrefutably that the single most important factor correlated with increasing wealth is marriage. Yet the author scarcely mentions marriage, as if it had no bearing on how some of her co-workers got where they were. One sees the subtle implications of this in her apparently unwitting choice of data from the Bureau of Labor Statistics which show that private household workers earn \$23 a week less than the poverty level “for a family of three.” A family of three is either a married couple with one child or a single-parent (usually a woman) with two kids. If the latter, this statistic almost by itself suggests that if there were two wage-earners, they would make well above the poverty level. In other words, the controlling factor is marriage, not wages.

Another thing is absent in the book: accumulated wealth. Everyone has something. Usually it’s a house and “stuff,” but most people, even poor people, have cars, televisions, VCRs, jewelry, or other items that constitute wealth. For Ehrenreich’s experiment to “succeed” (for her to “not get by”), she had to *begin* with no wealth. She excludes a car from her equation and has no house, no tangibles, nothing to sell.

Ehrenreich's job choices, even within her narrow selections, were rigged to ensure the answer she wanted. She never took higher-paying jobs.

Thus she began her experiment at a lower point than most of her subjects, many of whom at least owned cars and trailers (while Ehrenreich was renting transportation and living space at high weekly rates). Moreover, age is key to accumulating wealth: a 30-year-old has more stuff than a 20-year-old; a 50-year-old more than a 30-year-old; and so on. Part of “moving up” entails acquisition of things that you no longer have to purchase on a daily, or weekly, basis.

Ehrenreich's job choices, even within her narrow selections, were rigged to ensure the answer she wanted. She never took higher-paying jobs. Waiting tables can be low-paying, but it can also be quite lucrative. Waitresses at good restaurants and bars can pull in \$100 a night, and in more upscale areas many times that. She might counter that she was too old or not good-looking enough for such gigs, but the elderly and, shall we say, “seasoned” ladies who occasionally wait on me at the pancake house or in some of the nicer restaurants are not Hollywood starlets. While it is true that Hooters has its own “look” when it comes to servers, most other establishments have no problem hiring older men or women, as long as they are clean and dependable.

In some places, often when producing statistics that either are extremely controversial or barely believable (“30 percent of the workforce toils for \$8 or less”), Ehrenreich relies on studies from predictably “liberal” think tanks. There is nothing wrong with that, if you also cite the other, conflicting evidence. How permanent are workers in this 30 percent? Not very, if most minimum-wage jobs are any indicator. Likewise, she claims that in “a survey conducted by the U.S. Conference of Mayors, 67 percent of

the adults requesting emergency food aid are people with jobs.” But her notes don't refer to any such study, only a *Detroit News* secondhand referral, which may, or may not, have gotten the details right. Again, though, the impression Ehrenreich gives is one of a massive subculture of minimum-wage peons, rather than the more accurate image of an escalator, in which some at the bottom rise all the way to the top, some get off on the second floor, and so on.

Where Are the Taxes?

While Ehrenreich spends many of her 200 pages detailing how she scrimped, cut corners, or otherwise tried to squeeze blood out of a Ding Dong, there is scarcely a word about taxes. The omission is staggering, especially considering her obsession, at times, with earning the additional 30 cents that one job offered over another. Consider this: Uncle Sam takes 10–25 percent of any worker's paycheck, right off the top, under “withholding.” Gone. History. Vanished. In my state of Ohio, the government in Columbus takes another cut, around 6 percent. Dayton, where I work, and Springboro, where I live, also want their “take,” slicing off yet another half a percent. And there is unemployment paid to the state—again, all coming right off the top. Then there is the Social Security and Medicare “contribution.”

For middle-class employees these deductions are painful. But for low-income people they are nearly fatal. Most of Ehrenreich's co-workers would have had *double* the pay if not for the government's secular tithe. Maybe we can't get by without taxes, but let's assume, for a moment, that the federal tax rate was 15 percent. That would have saved most of Ehrenreich's colleagues up to

73 cents per hour (at \$7.25). And how about if we assume that there is no state tax, as in New Hampshire? That would add another 43 cents per hour. Social Security is a true luxury to people who need bigger paychecks now: would it not be wiser to let them keep their money at the front end? And unemployment? How many minimum-wage workers do you know who draw unemployment? Let's say that these "forced contributions" account for another 20 cents per hour. Merely by omitting these onerous taxes and other "contributions," we could give a hypothetical \$7.25 per-hour employee a raise of up to \$1.36, making the job \$8.61. Spread over a 45-hour week (we'll assume a hard worker wants a little overtime), that could be an extra \$61.20 *per week*, or an incredible \$244.80 *per month*. This alone would have paid half the rent on a good apartment, not the sleazy motels that Ehrenreich had to frequent.

More taxes? Try this: the FICA "contribution" is paid half at the front end by the employee, but also half at the back end by the employer, even though the employer supposedly pays it. It is still the employee's money, but diverted from wages. Moreover, Ehrenreich disparages benefits and other "perks" as being preferred by employers because they are easier to take away in a crunch. She completely misses the obvious: to a point (I realize you cannot eat benefits), it is much more valuable to take a benefit than an extra dollar in salary. Consider health insurance. Employers can give an employee a dollar in benefits, a dollar that the employee could have used to purchase

his own health care. But the benefit is pre-tax income; a dollar in benefits equals a dollar. After taxes, the dollar would be worth only about 65 cents to the employee.

There are even more tax issues that Ehrenreich carefully avoids when doing her survival assessments. If there is a tax incentive for home ownership, there is a corollary tax penalty for renting. There is a double tax penalty for renting motel rooms, which Ehrenreich had to rent until she could get an apartment, because most states tax them. What is troubling is that on multiple levels, and repeatedly, Ehrenreich refuses to even acknowledge, let alone consider, the impact of taxation on even the lowest-paid Americans because, apparently, it doesn't fit her mold.

Ehrenreich's proposals are predictable: a higher minimum wage, more welfare, more unionization. She admits that "nobody bothers to pull all these stories together" to proclaim a widespread state of emergency. That is precisely the point: these are disparate, isolated, and usually temporary stories, and when economists have "pulled them all together," they have not found anything near the minimum-wage hell to which Ehrenreich's denizens are damned. She wants to blame a "conspiracy of silence" for misrepresenting the "failure" of welfare reform, but the fact is that welfare reform, and minimum-wage work, have been studied extensively. Both the statistics, and the human success stories, reveal a different—and better—reality than the one Barbara Ehrenreich visited briefly in her search for "evidence." □

The apple icon 🍏 identifies *Freeman* articles that are appropriate for teaching high-school students several major subjects—including economics, history, government, philosophy, and current issues.

We also provide sample lesson plans for these articles on our Web site www.fee.org and in written form. Teachers and homeschooling parents need only to visit our Web site or request written lesson plans to take advantage of this unique service.

Leviathan: America's Secret Challenge

by William H. Peterson

How helpful of physicist S. Fred Singer, head of the Washington area-based Science and Environmental Policy Project, to restore the idea of “hormesis.” Hormesis is the principle that things beneficial to life in low doses can be fatal in high doses.

Singer mentions such things as alcohol, sunshine, iodine, sodium, iron, copper, cholesterol, and nuclear radiation (as involved in low-dose X-rays). Excessive food can kill: obesity can lead to a heart attack. The same could be said of excessive exercise. Singer similarly sees bacteria as a possibly constructive agent since a totally sterile environment could cause an unchallenged healthy immune system to deteriorate.

Well, this raises quite a question: Is not government itself hormetic?

Wasn't Thomas Paine onto something in his *Common Sense* (1776) in seeing government as “a necessary evil”? Cannot excessive government be fatal to human life? Indeed. Recall the fatal regimes of Germany under Hitler, the Soviet Union under Stalin, and China under Mao in the twentieth century.

Thus America, apart from the entire West, faces a rather silent if potentially deadly challenge: Can it reverse direction from its march to a broadening “public” (read coercive) sector ever away from a shrinking pri-

vate (read voluntary) sector and thereby stop courting a hormetic ending?

Look, Peterson, say my critics: Stop playing Cassandra. Go outside and enjoy the summer. Didn't we all enjoy the 2002 Winter Olympics out of Salt Lake City? I respond with some lines from Alexander Pope:

Vice is a monster of so frightful mien,
As to be hated needs but to be seen;
But seen too oft, familiar with her face,
We first endure, then pity, then embrace.

Look. Did not the Founding Fathers, themselves close students of history, wrestle with hormetics so as to better guide us today? Hence did they not set down such things as checks and balances in government so as to limit its powers (as specified and enumerated in Article 1, Section 8, in the U.S. Constitution); provide a written constitution; a bicameral legislature; a tripartite central government of legislative, executive, and judicial branches; shared power with the states; and the Bill of Rights' Ninth and Tenth Amendments, leaving no doubt of their limited-government aims, per:

The enumeration in the Constitution, of certain rights, shall not be construed to deny or disparage others retained by the people.

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Contributing editor William Peterson (whpeter@com) is an adjunct scholar at the Heritage Foundation.