

## CHAPTER IV

### THE MINIMUM WAGE

Minimum wage legislation marks a new stage in the long line of attempts to equalize the power of employer and employee in making the wage bargain. In contrast with conciliation and arbitration, either voluntary or compulsory, which take place only after a demand has been made by one party and refused by the other, minimum wage laws seek to regulate the wage rate before any dispute over the terms of the wage bargain has arisen. Moreover, interference by the state between the parties to the wage bargain through conciliation or arbitration usually implies the organization of the workers and the existence of collective bargaining.<sup>1</sup> But in any modern industrial community, large numbers of unorganized workers are found, still bargaining individually, employed at low wages and apparently unable to make any effective efforts themselves to improve their condition. If they are to be helped toward an equality in bargaining power with the employer, the state must take the initiative. This it does by setting standards below which wages may not be depressed—in other words, by passing minimum wage legislation.<sup>2</sup>

Minimum standards for safety and sanitation have been enacted in many states and the maximum length of the working day has often been fixed. Such safeguards have long been familiar and are generally accepted as necessary and beneficial to the health and welfare of the workers. There exists also a considerable group of laws which determine certain conditions of the wage *payment*. For instance, the weekly payment of wages may be required or payment in "store orders" may be forbidden, as described in Chapter II; but any legislative inter-

<sup>1</sup> The industrial courts of Europe, previously described, employ conciliation in both collective bargaining and individual contracts.

<sup>2</sup> Modern minimum wage legislation is not comparable to the mediæval fixing of wages by justices of the peace which prescribed not a minimum, but the actual rates to be paid. See "Coercion by Government," p. 161.