

Reflecting on a Missed Opportunity in '02

Editorial By Nicholas Dagen Bloom

Published in the New Orleans Times Picayune

December 30, 2002

For more information and other articles by the writer visit:
<http://www.civicprojects.com>

Reflecting on a missed opportunity in '02

Everyone got some bad financial news in 2002. Major losses in their 401(k)s, temporary unemployment and hikes in health-care costs made most people reconsider their long-term financial goals. Maybe they weren't going to become the "millionaire next door" just yet.

My vote for worst local financial news of 2002 was the defeat of New Orleans' minimum wage increase by the Louisiana Supreme Court in September. The raising of the minimum wage was a moderate attempt by the people of New Orleans to transform the tourist boom into a better deal for the city's poorest citizens. After all, during the 1990s tourism became New Orleans' leading industry. The transformation of old office buildings into hotels, the multiplication of stores and restaurants serving both the well-heeled and bargain-hunting tourist, the year-round crowds in the French Quarter and the steady uptick in retail and service industry employment were all signs of tourist gold.



NICHOLAS BLOOM

Point of View

The great news is that domestic tourism is a steady industry; even in tough times, plenty of Americans can afford a trip to New Orleans. Tourism has been New Orleans' only economic "miracle," a seemingly inexhaustible wellspring of jobs and business.

The bad news is that in New Orleans tourism is a perpetually low-wage industry. This is not the case everywhere. Las Vegas, for instance, has a strong tradition of unionism that has made the gaming industry a lucrative deal for workers and owners alike.

Tourist businesses, hotels and restaurants are making good money in New Orleans but they generally aren't passing along enough of that money to the workers – in good times or bad. Now that times are leaner, businesses (many based elsewhere) can legitimately claim that they can't afford to raise wages; during flush times, however, little more flowed out of business pockets. For every hotel room rented at \$200 a night or every entrée sold at

\$20, the local people who make the beds or prepare the meals make very little.

If this were a temporary situation it would mean less to the city as a whole, but the tourist economy is not going away in New Orleans – it is our primary business. The September defeat of the minimum wage hike, therefore, was a rout for everyone who hoped realistically for better days.

Cities like Atlanta or Dallas can get away with paying less at the bottom because many more people make first-rate salaries; better-paid workers are abundant, and they keep the economy moving.

In New Orleans, low-wage workers are a much larger percentage of the workforce than in many other cities. The \$1 raise in the minimum wage would have affected 70,000 local workers, including those at the minimum wage and those just above. What this massive group takes home determines our city's future.

Attempts to lure new high-tech businesses are fine, as long as they're not looking for a handout to stay alive. But since New Orleans is unlikely to develop a larger professional class

overnight, it makes sense that the majority at the bottom of the wage scale should be paid better. These are our most numerous consumers. We need them to be happy. And as they spend more, often on professional services and housing, the local economy will diversify and grow.

One day, the minimum-wage increase New Orleans voters approved will be seen as moderate. If unions become organized here, businesses may pay much more in the long term. The city should devote its energy to finding a way, through state legislation, tax breaks or other means, to boost the earning power of our working poor.

Maybe one day we will be like Austin, Dallas or Houston, or some other booming "new economy" place, and maybe high technology will find a home here, but given what we have, a booming New Orleans is more likely to be generated by the social mobility of its poorest citizens than anything else.

Nicholas Bloom is an administrator and instructor at Tulane University and the author of "Suburban Alchemy: 1960s New Towns and the Transformation of the American Dream" (Ohio State, 2001). His e-mail address is nbloom@tulane.edu.