Letter From the Editor: A Friendly Office Debate Over Wages

By DAVID LEONHARDT

Walmart employees in Miami this week. On Thursday, the company announced that it would raise wages for many of its workers. Joe Raedle/Getty Images
If you pay attention to only one economic indicator this year, I’d argue that it shouldn’t be the unemployment rate, G.D.P. or the stock market. **It should be wages.**

Wage growth has been the missing piece in this economic recovery. The other indicators have all recovered nicely from the dark days of 2009. But the average hourly wage of all private-sector workers is still a meager 22 cents — or 0.9 percent — higher than it was in January 2009, adjusted for inflation.

We’ve written before that arguably the biggest single economic question of 2015 is whether wage growth will accelerate. And this week brought the strongest reason yet to think that it will.

**Walmart**, the nation’s largest private employer, **announced** that it would increase wages for 500,000 of its workers, including many of its lowest paid. The company said it would spend about $1 billion a year to raise the pay of all employees to at least $9 an hour by April and at least $10 an hour by next February.

Walmart executives didn’t make the decision out of generosity (and many at Walmart will remain low-wage workers by any definition). But the size of the increase is nonetheless substantial, and it demonstrates that companies are feeling more pressure to hold on to their workers.

The decision plays into a friendly debate that Neil Irwin and I have been having around The Upshot’s offices. After years of mediocre wage growth, in spite of a strengthening economy, I have grown skeptical of American workers’ ability to win raises. They have far less bargaining power than they once did, and a globalized, technologically complex economy puts more power in the hands of employers than employees — especially given the **slow growth of worker skills** in recent decades.

Yet I also am well aware that market forces haven’t disappeared from the employer-employee relationship. There is a point at which the labor market could become strong enough that employers would have to increase pay in order to hold on to their workers. Neil **has argued** in recent months that this point is approaching, if not already here.

Walmart’s announcement clearly makes his optimism look a little better and my pessimism a little worse.

“The world for employers is very different with a 5.7 percent unemployment rate (the January level) than it was five years ago, at 9.8 percent,” as Neil **wrote** this week. “The question is whether wage gains will be strong enough to create a virtuous cycle in which rising pay for the workers at the bottom three-quarters of the income scale, who are most likely to spend the money and get it circulating through the economy,
will spur more investment and hiring."

The average inflation-adjusted hourly wage for private-sector workers has risen more rapidly over the past year than at any point since 2009. But the main reason for that increase has been the sharp drop in oil prices, which has caused inflation to drop to virtually zero. Nominal wages themselves — the numbers that workers see in their paychecks — have accelerated only slightly.

The Walmart announcement offers reason to think nominal wages may be on the cusp of picking up. If that’s the case — if the majority of Americans are on the verge of receiving a healthy raise for the first time in years — it would be a very good sign for 2015.

I hope you enjoy your weekend.
Emails to Florida Reporters Show a Jeb Bush Eager to Engage
By DEREK WILLIS
Exchanges exhibited Mr. Bush's comfort with using email as a tool for governing and with discussing policy with the news media.

A Second Chance to Avoid a Second Tax Penalty Over Obamacare
By MARGOT SANGER-KATZ
Health insurance marketplaces have been reopened so that people won't be shut out of coverage - and forced to pay a penalty - for a second year.

'American Sniper,' the People's Choice for Best Picture
By DAVID LEONHARDT
When asked about the best movie they had seen in the last year, people in a Google survey cited "American Sniper" far more than any other film.

How to Fill Out Your Oscar Ballot
By DAVID LEONHARDT
We put together a ballot composed of all the prediction-market favorites. You can tweak it as you like.

As Walmart Gives Raises, Other Employers May Have to Go Above Minimum Wage
By NEIL IRWIN
The best news would be if executives made this decision not out of a desire for good
press but because coldhearted business strategy compelled it.

Why Network News Still Matters
By LYNN VAVRECK
It's true that viewership for evening network news programs has declined, but tens of millions of Americans still rely on them.

Inequality Has Actually Not Risen Since the Financial Crisis
By DAVID LEONHARDT
The income declines for the rich were steeper than for any other group, while the government has done more to help the middle class and poor.

- The Upshot: Measuring Inequality Trends During the Great Recession NYT Now

The Upside of Waiting in Line
By TYLER COWEN
Lines can allow people to save in money what they spend on time, and can even help make them more patient.

Fatal Accidents as a Global Health Crisis
By JEREMY N. SMITH
A worldwide study that tracked accidental deaths shows countries where they can improve relative to their peers.

And Don’t Miss

At Chipotle, How Many Calories Do People Really Eat?
How healthy are the meals people actually order for themselves at Chipotle? We decided to try to find out.

Reader Mailbag: Questions and Comments About Orders at Chipotle
By KEVIN QUEALY, JOSH KATZ and AMANDA COX
Readers weigh in on an article that showed what people actually order at the popular restaurant chain.
Stuff We Liked: Mapping American Diversity, and a Taco Solution

Compiled by DAMON DARLIN and TONI MONKOVIC

The Upshot staff found an eclectic mix of articles and graphics on the web this week.

Let’s start with a little demographics from the Brookings Institution. Hover over any county in the United States to see how the youngest cohorts in America are its most diverse. But the best way to look at this map? Click on the age ranges from right to left to see the country become more diverse.

Another map we liked: a Google map adaptation that shows California street gangs.

Next City’s illustrated story on the design of transit card vending machines, says Kevin Quealy, one of our graphics editors, “is now a month old, but good.” Indeed, it gives you a sense about how a designer’s mind should work. (Being from subway-less Minneapolis, Kevin also liked the Atlantic’s take on what it called the Miracle of Minneapolis.)
It’s the week of the histogram, notes Margot Sanger-Katz, one of our reporters. She says that in addition to our Chipotle coverage, The Wall Street Journal did some stunning visualizations of how Medicare payment policy influences how long people stay in long-term hospitals. It created individual charts for every hospital in the country.

A bit of eye candy from the Visual.ly website: on how alcohol is made around the world, with drinks like pisco, arak, ogogoro or makgeolli.

Kathleen Flynn, one of our editors, liked the Economist’s chart of how much money is saved in various countries among people who give up vices for Lent. In most places, cigarettes are the way to go.

Several of our readers also had savings on their mind as they read our articles on eating healthily at Chipotle. MaggieCu of Seattle wrote:

“I’ve always been concerned with the portion sizes at Chipotle and have opted for the kids’ menu. A kids one-taco or two-taco meal provides the perfect amount of food and a tiny bag of about 10 chips to boot. Cheaper and less caloric but still very satisfying. As an adult they’ve never asked if the order is for a kid, and it’s pretty obvious it’s not since I add a side of their very hot and addictive salsa. This option is often not printed on the menu, so you must ask for it. I wish Chipotle would offer more options like this for adults and stop making us play these games.”