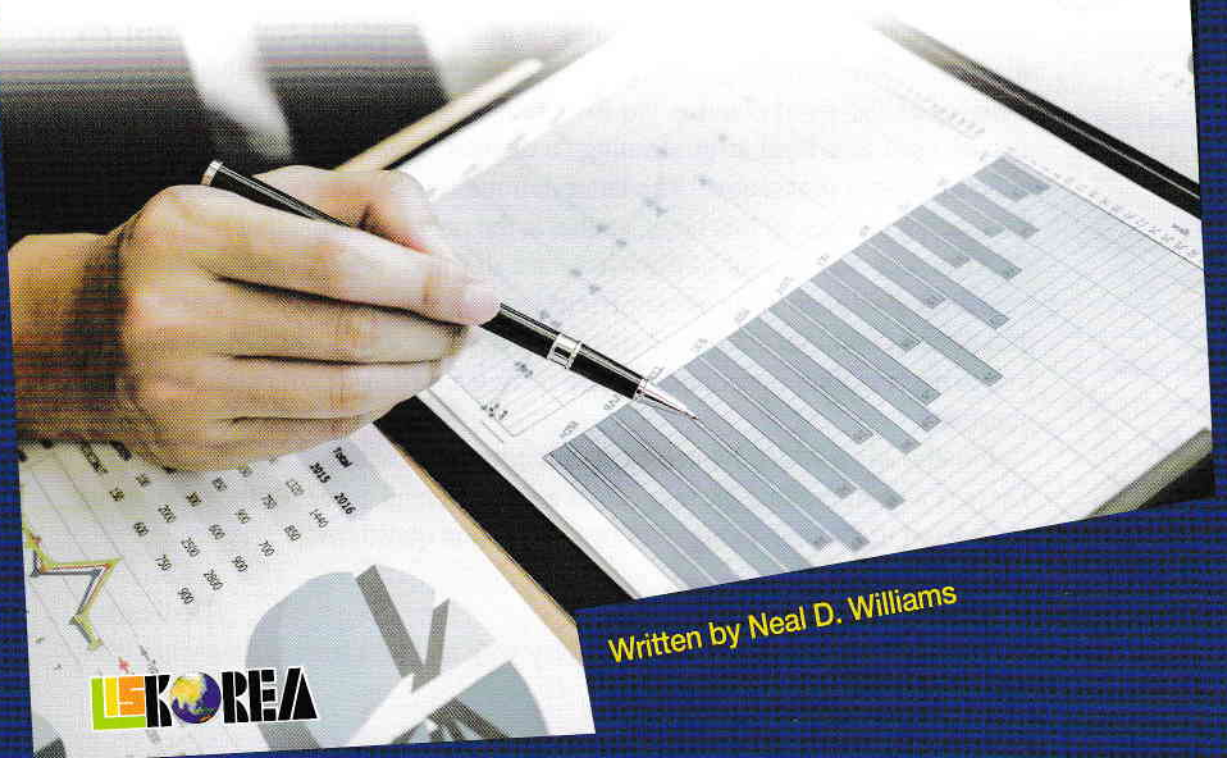


— Major New Edition —

Let's Talk BUSINESS



Written by Neal D. Williams

LEKOREA

Let's Talk BUSINESS

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- Who do you think is right?
- Both are correct, but you don't have to listen to them.
- What are you talking about? What should the government do?
- Nothing. The economy will decide the minimum wage as it pleases.

Topic Preview:

Does your country have a minimum wage? Do you think the wage is high enough? What are the pros and cons of raising the minimum wage? Of course, raising the minimum wage will help workers make more money, but would increasing wages cause businesses to hire fewer workers?

Dialogue:

Ethan: Mia, you're from Canada, right?

Mia: Yes, I am.

Ethan: What is the minimum wage in Canada?

Mia: Well, the minimum wage is set by each province, so it varies, but the average is about US\$8 per hour.

Ethan: I see. Well, there's a big debate going on in the U.S. right now about the minimum wage.

Mia: Yeah, I read about that. Senator Bernie Sanders wants to raise it to \$15, right?

Ethan: Yeah, that's right, and a lot of people support that idea.

Mia: What about you? Do you think \$15 per hour is reasonable?

Ethan: Yes, I do. Right now, it's only \$7.25. That's just not enough.

Mia: I'm sure most workers agree with you.

Ethan: True, but unfortunately, most employers do not agree.

Minimum Wage

A minimum wage is the lowest amount of money that employers can legally pay their workers. The first modern minimum wage laws were passed in New Zealand in 1894, followed by Australia in 1896. These laws were passed in order to stop the **exploitation** of workers in **sweatshops**. Nowadays, more than 90% of all countries have minimum wage laws. In the European Union, 22 member states have national minimum wage laws. The other six member states depend on **trade unions** to set minimum wages through **collective bargaining**. On a global basis, the countries with the highest minimum wages per hour at present are Australia (\$13.59), Luxembourg (\$13.05), Monaco (\$11.58), France (\$11.03), and New Zealand (\$10.96).

The current national minimum wage in the United States is \$7.25 per hour, but for tipped employees, such as **servers** in restaurants, the minimum wage is only \$2.13. However, individual states can choose to have a higher minimum wage. In Massachusetts, the general minimum wage is \$11.00 per hour, but for tipped employees, the minimum wage is only \$3.75. In California, the minimum wage for all workers, including tipped employees, is \$10.50.

In the 2016 U.S. presidential race, the status of the minimum wage became a **hot-button** issue. The Democratic candidate, Hillary Clinton, wanted to raise the minimum wage to \$15 per hour. However, the Republican candidate, Donald Trump, wanted to keep the minimum wage at the current level, which he claimed would help keep the U.S. competitive with other countries. Also, he said that the minimum wage was appropriate for **entry-level** positions.

Supporters of a high minimum wage argue that it removes financial stress on families, encourages people to get a higher education, which in turn will enable them to get better paying jobs. Above all, an increased minimum wage raises the poorest and most **vulnerable** classes in society above the **poverty line**. In contrast, opponents of high minimum wages claim that such wages actually increase poverty because employers may **lay off** or even **sack** unskilled workers. Also, high wages force employers to replace low-skilled workers with machines, such as **self-checkout** computers.

Vocabulary & Expressions:

exploitation	<p>*selfish use of others to achieve wealth or success</p> <p>○ The CEO built his business through <i>exploitation</i> of his friends.</p>
sweatshop	<p>*a shop employing workers for long hours under poor conditions and for very low wages</p> <p>○ The American shoe company was accused of using <i>sweatshop</i> labor in Asian countries.</p>
trade union	<p>*a labor union of workers in specialized fields; different from a union of general workers in an industry</p> <p>○ The Air Line Pilots Association is the largest <i>trade union</i> of pilots in the world.</p>
collective bargaining	<p>*the process by which employers and labor unions agree on wages, rules, and working conditions</p> <p>○ In some countries, public workers are not allowed to form labor unions and engage in <i>collective bargaining</i> with employers.</p>
server	<p>*a person who waits on tables; a gender neutral word for the old-fashioned terms <i>waiter/waitress</i></p> <p>○ Nowadays, most educated people in the U.S. use the term <i>server</i> instead of waiter/waitress.</p>
hot-button	<p>*exciting strong feelings, emotional</p> <p>○ The question of same-sex marriage is a <i>hot-button</i> issue in some countries.</p>
entry-level	<p>*relating to a low-skilled job, where employees may gain experience or skills</p> <p>○ Most high school graduates have no specialized skills, so their first job is usually at an <i>entry-level</i> position.</p>
vulnerable	<p>*capable or susceptible of being physically or emotionally wounded or hurt</p> <p>○ Teenagers are more <i>vulnerable</i> to risky activities because they haven't fully matured.</p>
poverty line	<p>*a minimum income level used as an official standard for determining how many people live in poverty; also known as <i>poverty threshold</i></p> <p>○ In 2015, the <i>poverty line</i> in the U.S. was \$24,250 per year for a family of four.</p>
lay off	<p>*to dismiss employees because of lack of business</p> <p>○ The CEO announced that the company would <i>lay off</i> 100 workers because of difficult economic conditions.</p>
sack	<p>*to fire someone from a job</p> <p>○ Bob was always late for work, so his boss had no choice but to <i>sack</i> him.</p>
self-checkout	<p>*a system that allows customers to total their purchases and pay for them without using a cashier</p> <p>○ Most Walmart stores now offer <i>self-checkout</i> for customers who don't want to go through a traditional checkout line.</p>

● Discussion Points:

1. What is the current minimum wage in your country? Do you think it should be increased, decreased, or kept at the same level?
2. Is the minimum wage a hot-button political issue in your country? Was this issue debated by politicians in the last election?
3. Are there any jobs in your country where the minimum wage does not apply? Do you think the minimum wage should apply to all jobs equally?
4. Does your country require employers to pay a higher wage to employees who work at nights, on weekends, and on holidays? Do you think those employees should receive higher wages?
5. Is it possible for parents to support a family if the parents only have minimum-wage jobs?
6. What punishment should a company receive if they are caught paying their employees less than the minimum wage?
7. Have you ever worked at a minimum-wage job? How would you describe that experience?

● **Current Hot Topic:** Increasing the Minimum Wage = Increasing Unemployment?

Critics of increasing the minimum wage claim that increases will have the undesirable effect of increasing unemployment. The City of Seattle provided a good opportunity to test that idea when, in 2014, the city passed a law that would gradually raise the minimum wage to \$15, the highest minimum wage in the U.S. After the first raise, one study claimed that unemployment had increased. However, another study claimed the exact opposite. It seems unclear exactly what effects that raising the minimum wage will have on unemployment. However, one thing is clear: workers will earn more per hour with an increased minimum wage.

● **For Further Discussion:**

1. Do you think that increasing the minimum wage will increase unemployment in your country? Why or why not?
2. Many American parents believe that it's good for their teenage and college-age children to work in a minimum wage job in order to learn the discipline of hard work. Do you agree with that idea?

- I want to buy some perfumes. Do you have any?
- We have various kinds of perfumes, and they're very cheap.
- Are they real?
- Sure, smell them. They're the same as the real ones.
- Why do you sell them UNDERGROUND?
- Because if we sell them ON THE GROUND, we'll be caught red-handed.



Topic Preview:

Have you ever paid cash for an item, so the government would not know about your purchase? Have you ever bought a counterfeit item, for example, a fake Gucci handbag or Rolex watch? If so, you were participating in the underground economy. Should governments allow the underground economy to flourish, or should they shut down this unregulated market?

Dialogue:

Liam: Olivia, how do you like my new watch?

Olivia: Wow! That's a Rolex, right? They are so expensive! Did you get a raise?

Liam: Not at all. I just know where to buy things.

Olivia: Let me take a look at it. Hmm...this is not a real Rolex!

Liam: How did you know?

Olivia: On a real Rolex, there is a tiny magnifying glass above the date.

Liam: Well, you caught me! I bought this fake watch in Hong Kong when I was on vacation.

Olivia: I thought so! You know you could get into trouble for that.

Liam: No one will ever know. I bought it just for fun anyway.

Olivia: Well, maybe I should report you to the customs department just for fun.

Liam: You're kidding, aren't you?

Olivia: Maybe, maybe not.

The Underground Economy

The term “underground economy” refers to a market whose transactions are somewhat hidden and often illegal. This type of market is also called a “black market,” “**clandestine** market,” or “shadow economy.” Participants in this type of market try to avoid governmental rules and prohibitions. There is a wide range of products and services that are available in the underground economy. At one end of the **spectrum**, there are **mom-and-pop** operations that sell products, such as fruit and vegetables, on the street. Since such **vendors** deal in **cold hard cash** only, the government has no way of knowing if these sellers are reporting all of their sales and **paying their fair share** in taxes. Since they pay little or no taxes, these sellers can improve their **bottom line**.

At the other end of the spectrum, there are individuals who use the underground economy to sell something that is totally **illicit**. Such illegal activities include selling and buying illegal drugs, **smuggling** endangered animals and selling them as pets or to be used in traditional medicine, and reproducing and selling **copyrighted** media without permission. The latter category of products includes DVDs of films, music CDs, computer software, and video games. Hollywood producers claim that they lose billions of dollars each year due to the sale of **pirated** media in South America and Asia.

Governments dislike the underground economy because its existence makes it difficult for governments to **get a handle on** the country’s total economy. The government wants to have an accurate record of the nation’s **gross domestic product**, so they can understand where the economy needs improvement. Therefore, the government will often offer **incentives** for citizens to report their income honestly. For example, the Republic of Korea allows citizens to pay less in taxes if they report their total credit card charges and total amount of cash purchases on their yearly income tax report.

Vocabulary & Expressions:

clandestine	<p>*done secretly, especially for purposes of deception</p> <p>○ The politician held a <i>clandestine</i> meeting in order to get a bribe.</p>
spectrum	<p>*a broad range of related ideas or objects</p> <p>○ The <i>spectrum</i> of political beliefs ranges from very conservative to very liberal.</p>
mom-and-pop	<p>*relating to a small business, usually owned and operated by family members</p> <p>○ My parents ran a <i>mom-and-pop</i> store, and I had no choice but to work in the store.</p>
vendor	<p>*a person who sells something (related to the word <i>vending machine</i>)</p> <p>○ There are many <i>vendors</i> of fruits and vegetables at our local open market.</p>
cold hard cash	<p>*cash in the form of coins or bills</p> <p>○ The seller would not accept credit cards; he wanted only <i>cold hard cash</i>.</p>
pay one's fair share	<p>*pay the amount that is appropriate for oneself</p> <p>○ The rich pay a lot of taxes, and the poor pay a small amount of taxes, but everyone should <i>pay their fair share</i>.</p>
bottom line	<p>*the last line of a financial statement, where the net profit or loss is shown</p> <p>○ The electronics company's new smart phone has become very popular, so it has improved the company's <i>bottom line</i>.</p>
illicit	<p>*not legally permitted, unlawful, or simply disapproved by society</p> <p>○ The businessperson rejected the bribe and said, "I will not participate in any <i>illicit</i> act."</p>
smuggle	<p>*to take an item secretly in violation of the law</p> <p>○ The prisoner's friend <i>smuggled</i> a gun into the jail inside a cake.</p>
copyrighted	<p>*protected by exclusive right to make copies of an artistic work; also written as <i>copyright</i></p> <p>○ You cannot photocopy this book because it is <i>copyrighted</i>.</p>
pirated	<p>*produced without permission or legal right</p> <p>○ You can find many <i>pirated</i> goods in the city's traditional market.</p>
get a handle on	<p>*to get an understanding or knowledge about something</p> <p>○ It took me a long time to <i>get a handle on</i> what my new boss expected.</p>
gross domestic product	<p>*the monetary value of all good services produced yearly in a country; often abbreviated as GDP</p> <p>○ The U.S.A. has the world's largest <i>gross domestic product</i>, but the EU is a close second.</p>
incentive	<p>*something that is used to motivate someone to make a greater effort</p> <p>○ The boss offered a bonus as an <i>incentive</i> to any employee who would quit smoking.</p>