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Representing myself
Minimum Wage Hearing for American Samoa
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The idea of increasing the minimum wage in American Samoa has brought about a tremendous amount of fear caused by uncertainty. Specifically, individuals are fearful of four main possible ripple effects of the increase in the minimum wage. First, the cannery will close causing increased unemployment (i.e., cannery and support businesses' employees). Second, inflation will increase substantially due to increased labor costs. Third, jobs in other (non-cannery related and support businesses) may be lost as employers try to "do more with less" in order to maintain their profit margins. And finally, the American Samoan government will be burdened by the increase in the minimum wage which will have severe detrimental effects on the Territory's infrastructure and ability to provide critical services.

With the above being said, many of these fears may be exaggerated or may be inapplicable to American Samoa. The minimum wage increase may ultimately be perfectly timed with the situation and opportunities unfolding in American Samoa. Thus, the increase will benefit American Samoa's economy and infrastructure as well as the welfare of American Samoans. For example, the increase in the minimum wage may cause the cannery to depart from the Territory. Positive effects of this departure may be an outflow of guest workers and a reduction on the burden these guest workers have on the infrastructure and governmental services (i.e., hospital, education system, etc.). An example of the fears perhaps not being applicable in American Samoa may be related to the inflation argument. Currently, the cost of goods and services (i.e., retail products, utilities, etc.) in American Samoa is comparable (and sometimes higher) to those found in other island economies (e.g., Hawai'i). Also, outside of some governmental agencies, there is little sinecure (because it would destroy the business) and the likelihood of massive layoffs may not be feasible.

As in places like San Diego, CA or Hawaii, the canneries will be leaving American Samoa and when they do depart, the economy will inevitably slump. However, opportunity is knocking at American Samoa's door with the possible clean white-collar jobs from a proposed call center. For example, an increase in the middle class (and disposal cash) from the call center jobs will require additional laborer jobs (e.g., construction and personal services). These jobs should be perfect for the American Samoan blue collar workers affected by the cannery closures. Ultimately, even with the call center not coming to American Samoa, my feelings are that the only beneficiaries of a low minimum wage are the business owners, especially the large outside business owners and stockholders.

One critical component of new industry (e.g., call center) coming to American Samoa is the competent negotiating of favorable tax credits that will not overly burden the people

of American Samoa. Moving forward, the tax revenues must not only provide for the critical infrastructure improvements but must also allow for the retraining of those individuals remaining in American Samoa who will be most heavily burdened by the canneries' departure.

A minimum wage increase should not be automatic but, rather, carefully considered and the interests of employees must be represented and not just those who are paid well already and have a vested interest in maintaining their advantageous position. Leaders must lead by actively seeking ways to grow the economy rather than just sitting back and allowing the economy to languish. We know American Samoa is the poorest of all the US jurisdictions but the attitude of our community leaders should be: make the low per capita GSP (Gross State Product) a challenge and an incentive to excel, rather than to sit back and bemoan, "Woe is us".