



The Fast-food Rip-off

We know that fast-food chains load up their food with salt, sugar, and fat, all the bad stuff that we are addicted to and that contribute mightily to obesity, diabetes, and heart disease. But that's not all the damage these companies do.

Fast-food chains are costing the American taxpayer billions of dollars annually.

How's that? Most fast-food chains pay employees the minimum wage of \$7.25 an hour or slightly above—barely enough for a single person to survive, never mind someone supporting a family. As a consequence, a great many workers are compelled to rely on public assistance programs. These include food stamps, Medicaid, the Children's Health Insurance Program, the Earned Income Tax Credit, and Temporary Assistance for Needy Families. And we foot the bill.

Nationwide protests by fast-food employees this past year demanded an increase to \$15 an hour—which realistically they had no chance of attaining. But they had hoped to negotiate a pay raise that would at least let them live with a little dignity.

The industry rebutted with two tired responses: An increase in salaries would necessarily have to be countered by a reduction in the number of employees and/or a hike in food prices.

Actually, it ain't necessarily so. In 2012, McDonald's had a net income of \$5.46 billion and its CEO, Donald Thompson, got a pay package worth \$13.7 million. According to the

National Employment Law Project, McDonald's alone cost taxpayers \$1.2 billion in public assistance. Yum! Brands (Pizza Hut, Taco Bell, and KFC), with a net income of 1.6 billion and a CEO compensation package of \$14.1 million, cost us \$648 million.

Are fast-food company profits in line with what other big corporations are making?

Not even close according to the FactSet research company. In 2012, the big five publicly traded fast-food companies made 16 cents on the dollar—73 percent better than the average American corporation.

Gee whiz, wouldn't you think that McDonald's, Wendy's, et al could spare a little loose change for their employees? I mean, Ronald McDonald and Wendy seem like such nice folks on the commercials.

By the way, don't blame your local franchisee for paying employees so poorly. They are caught in a squeeze, having to pay for rent, supplies, salaries—plus large royalties and fees to their parent companies while selling their mostly unhealthy food at the cheap prices advertised nationally.

With billions of our tax dollars in effect subsidizing the fast-food industry, that Locos Taco and that Big Mac are costing you far more than you might think.

Malcolm Abrams
editor@magbloom.com