The Examiner
WASHINGTON

Liberals try to refute Seattle minimum wage study

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July 6, 2017

Liberals are aggressively trying to debunk a recent study by the University of Washington that found that Seattle's recent move to a $13-an-hour minimum wage had left the city's low-wage workers much worse off.

The study is potentially a major threat to the national movement for a $15 minimum wage, presenting the first significant evidence that such efforts may be doing more harm than good.

Liberals have criticized the report's methodology, arguing that its findings are out of step with past studies on the minimum wage, although increases to Seattle's current level were unprecedented until recently. Mark Long, co-author of the study, shrugged off such criticisms, saying it was to be expected given the groups' politics.

"The [minimum wage] advocates have been critical because our report makes their job harder," Long, a professor with university's Evans School of Public Policy and Governance, told the *Washington Examiner.* If the study had found results more to the advocates' liking, they wouldn't be complaining about the methodology, he said.

For $15 minimum wage fans, the report released June 26 as a working paper by the National Bureau of Economic Research was a rude shock. It found that the city's increase to $13 an hour in 2016, up from $9.32 in 2013 and part of a planned phase-in to $15 for most employers by 2018, had sharply reduced wealth among low-wage workers because of job losses and reductions in hours worked. Businesses did both to mitigate the sharp increase in labor costs they faced.

"The lost income associated with the hours reductions exceeds the gain associated with the net wage increase of 3.1 percent.... [W]e compute that the average low-wage employee was paid $1,897 per month. The reduction in hours would cost the average employee $179 per month, while the wage increase would recoup only $54 of this loss, leaving a net loss of $125 per month (6.6 percent), which is sizable for a low-wage worker," the study concluded. It found that payrolls for low-wage workers declined by an average 5.8 percent after the $13 rate went into effect, reducing those workers' income by $120 million.

That was before the final $15-an-hour rate is phased in, suggesting the situation for those workers would get even worse. Liberals have been trying to shoot down the results ever since.

"Don't believe the headlines about a flawed minimum wage study. The Seattle economy is booming," tweeted David Rolf, president of SEIU Local 775 and author of "The Fight for $15," on Monday.

Fight for $15, an activist group funded and run by the Service Employees International Union, argued in a web posting that the study was "not credible" because it was "funded by a hedge fund manager's foundation who made a fortune at Enron." The group did not explain any relevance to the university's findings.

The liberal Center for American Progress posted an article called "Five flaws in a new analysis of Seattle's minimum wage," while the liberal Economic Policy Institute published an even lengthier critique. Liberal economists such as Jared Bernstein weighed in as well.

Dan Cooper, a fellow at the Economic Policy Institute, said the study was too far out of line with what other minimum wage studies had found. He argued that it didn't matter that no other studies had looked at rates as high as $13 because Seattle's increase wasn't that large relative to its prior level. "Because this was only looking at the increase from $11 to $13 in Seattle it is not outside the scope of what has been studied before," Cooper said. He said a study on the Seattle minimum wage released last week by the University of California, Berkeley, which showed no ill effects from the increase, was more credible because it was in line with earlier studies.

Other critiques noted that the University of Washington study was not peer-reviewed, didn't include data from "multi-site" employers such as chain restaurants, and had some unusual results, such as finding increases in employment for those earning more than $19 an hour.

That's all nonsense, argued Ryan Bourne, an economist with the free-market Cato Institute think tank. The University of Washington study "is one of the only robust papers we have had on this level of the minimum wage in the U.S." The different results from prior studies suggests those reports missed important effects. "The critics have this completely back to front," Bourne said.

Long said the multi-site employers weren't included because their wage and hour data wasn't available. The researchers compensated by conducting a separate survey of those employers. "What we found was that the multi-site employers were more likely to relocate or shift their work capital. That suggests we are, if anything, underestimating the impact" of the $13 rate on employer cutbacks, he said.

It is true that the paper had not been peer-reviewed but it is undergoing the process now, he said. That's why it was released as a working paper through the National Bureau of Economic Research: so the authors could get feedback from fellow economists. Thus far, the reactions from academics and researchers has been highly positive, Long says. The loudest complaints have come from the biggest advocates of a $15 rate.