



Is now the time to raise the minimum wage? Economists debate

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It has been 11 years since the federal minimum wage was increased, and Congress is weighing if now is the time to give minimum wage employees a raise.

One economist cautions that now might not be the best time.

“The big problem then is if you fundamentally raise the cost of their labor by raising the federal minimum wage in states where that will have an impact, then you’re further increasing the businesses’ cost,” said Ryan Bourne, economist from the Cato Institute, “which is likely to make more businesses fail and actually result in fewer jobs being available for low-wage workers.”

According to the Cato Institute, 29 states and the District of Columbia have minimum wages that are above the federal minimum of \$7.25.

“This seems to be a particularly bad time to raise the cost of hiring people by having a higher hourly wage rate,” Bourne said. “It might deter some of the adjustment we need to live with this virus.”

But fellow economist Ben Zipperer of the Economic Policy Institute disagrees with Bourne’s assessment.

“That kind of concern has always been raised when we’re talking about the minimum wage, and it doesn’t seem to actually play out in reality,” Zipperer said.

Zipperer argues that raising the minimum wage could boost economic activity. He added that a minimum wage hike, while not a panacea, would put the economy in the right direction.

“Giving people more money to have more money to spend, that’s probably one of the most effective policies to have during a kind of depression,” he said.