



STUDY: A Rise In The Minimum Wage Would Slam Teenage Employment

By: Walter Hickey - February 14, 2013

President Obama has argued for the implementation of a \$9.00 per hour minimum wage, an increase from the current \$7.25 rate.

While a rate that high isn't unprecedented when considered in nominal U.S. dollars, and the United States does have a lower minimum wage than many similar nations, a major question remains with regards to how the implementation could hurt or help workers.

Theoretically, a rise in the minimum wage would increase the cost of labor and would create a labor surplus.

Here, a rise in the minimum wage from W_c to W_m would lead to a decrease in employment from E_c to E_m . That's the theory.

Some studies have demonstrated that the impact of a rise in minimum wage wouldn't harm workers, and could have potentially positive economic effects to boot.

There is, however, evidence that teenagers could be adversely impacted by the wage increase.

From a June 2012 Cato Institute policy analysis by former Department of Labor deputy assistant secretary Mark Wilson a rise in the minimum wage coincides historically with a decrease in the rate of teenage employment:

So even through layoffs may not occur, the effect could have dramatic effects on teenage employment.