

New Mexico GOP: A Surefire Way to Hurt New Mexico Families: Raising the Minimum Wage

April 10, 2014

SANTA FE, N.M., April 10 -- The New Mexico Republican Party issued the following news release:

Because of the sluggish national economy, our New Mexico economy is still in recovery mode. Job growth is low, there is a lack of confidence in consumers and businesses for recovery, and the justifiable fear of increased prices for food, fuel, and now health insurance premiums is weighing heavily on the minds of most New Mexicans. Progressives think raising the minimum wage will alleviate these fears in our society. They are either sadly misinformed or have a hidden agenda.

Progressives argue that raising the minimum wage makes good economic sense. They claim it would provide New Mexicans with more money to spend and to invest, thereby boosting economic growth and activity. Their argument continues, speculating that an increase in the minimum wage will automatically make workers more productive and that this would magically translate to increased business profits.

Those sentiments may sound great, but they contradict basic economics. Raising the minimum wage actually depletes jobs, and slows down economic growth. The result is a smaller work force and higher prices. Businesses must compensate for the extra wage expense in one of three ways; raise the product price, lower the product quality or layoff employees. Most businesses cannot risk losing their product market share by increasing prices or lowering quality, so they choose to maintain a smaller work force. This is very devastating to entry-level people with little or no experience.

Government intervention, with artificial wage levels makes it harder for employers to justify additional employees or to increase the wages of those they already employ.

If unpaid internships are a great way to learn the ropes, why do we need a minimum wage? I would encourage folks to read an article published in the ABQ Journal on Feb 23, 2014. It is all about preparing our youth for the workforce. (see article (<http://www.abqjournal.com/357741/biz/internship-experience-is-valuable.html>))

Minimum wage, from its inception, was designed to be a starter wage, not a living wage. Its objective was to get people, especially our youth, into the workforce and help provide them with very basic job skills. These skills provide them the necessary experience they need to move up the ladder.

In 2013, the Cato Institute released a study showing welfare benefits pay more than \$60,000 a year in Hawaii and over \$50,000 a year in the District of Columbia and in Massachusetts. I suspect there is not any incentive for those living on welfare to seek a minimum wage job when they can sit at home and receive 400% more than earning a living.

Hawaii: \$60,590 or \$29.13/hour

D. C.: \$50,820 or \$24.43/hour

Massachusetts: \$50,540 or \$24.29/hour

New Mexico: \$27,900 or \$13.41/hour

Is it any wonder that people would rather stay home than look for a job?

When any artificially induced expense like the minimum wage forces industry to raise prices, we soon find the food we eat and other necessities cost more. Thus, making the disparity between what the poor have and what they desire grow wider. The only winner in this minimum wage issue is the government. It receives increased payroll taxes and increased taxes on higher priced products. Therein lies the hidden progressive agenda.

The employer/employee relationship is not adversarial by nature. Employers need good trustworthy employees to build and sell products, and employees want financial rewards for quality workmanship and job loyalty. Let's allow employers and employees to work together, without artificial government intervention that simply does not work

Free enterprise has helped America build a strong middle class, and it has provided us with the highest standard of living in the world. Allow the free market to work!