

# THE SPOKESMAN-REVIEW

## Raising the minimum wage helps few workers, hurts the economy

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Everybody has a first job story. Mine was ironing for my mother. I was 6 years old and the job paid a nickel a pillowcase. It had an element of danger and required concentration. I'm sure my mother turned down the setting on the iron and supervised, but I felt quite responsible. I learned the extrinsic and intrinsic rewards of work, money in my pocket and the pleasure of a job well done. A nickel was more than I was worth, but the benefits were priceless.

Minimum-wage proponents defend mandatory wage packages as a benefit to workers, including both hourly rates and mandatory leave policies. Taken together, these wage packages can push the cost of labor beyond the value of the task.

In attempting to make the economic case for mandatory minimums, defenders from the left-leaning National Employment Law Project say, "A raise in the minimum wage puts money into the pockets of low-income consumers, who immediately spend it at local businesses." This implies money only exists and circulates when it's paid in wages to a specific class of worker. If the 6-year-old ironing novice is paid a nickel instead of a dollar, the 95 cents still exists in her mother's pocket and will be spent. Raising the minimum wage does not increase the amount of money circulating in the economy.

A second popular defense is the living wage argument, with statements like this one, also from NELP's [RaiseTheMinimumWage.com](http://RaiseTheMinimumWage.com) site: "Low-wage workers whose pay scales are affected by the minimum wage are overwhelmingly adults, many supporting families." Dissect that sentence and it's truthful but misleading.

Since setting a minimum wage floor indirectly influences hourly pay scales, it's true that all hourly workers are affected. Most of them are over 18 years old, which supports the "overwhelmingly adults" claim. The libertarian leaning Cato Institute's analysis of federal Bureau of Labor Statistics [2010 data](#) reaches a different conclusion and cites BLS numbers that challenge the "popular belief that minimum wage workers are poor adults (25 years or older) working full time and trying to raise a family... Just 4.7 percent match that description."

So, 4.7 percent of 1.8 million workers nationwide receiving the federal minimum wage or lower equals about 84,600 individuals in the total workforce of 72.9 million Americans paid at hourly

rates. It's not nothing; real people and their families are affected. But like many public policy issues, addressing a problem for 1/10 of 1 percent of the population by disrupting the other 99.9 percent doesn't make sense, especially when the proposed solution addresses the symptom of low wages instead of causes - low skills and missing opportunities.

When the minimum wage rises, businesses will adjust. Since printing money isn't an option, they can raise prices or reduce costs. Raising prices reduces the buying power of the new minimum wage, accomplishing nothing useful for the worker. One might as well expect a dog to catch its tail as expect to raise wages without affecting prices.

If wages are off the table, the number of jobs is on it. The Cato report cites a 2006 National Bureau of Economic Research (NBER) review of more than 100 minimum wage studies published since the 1990s. The NBER found that "although the wide range of estimates is striking ... the preponderance of the evidence points to disemployment effects." Disemployment is what 700 restaurant workers in Seattle experienced when the minimum rose to \$15 an hour in 2015. At the same time jobs were lost in Seattle, the restaurant industry gained 5,800 jobs across Washington.

More insidious is skill creep as higher skills are required to match higher wages. When the minimum wage for ironing is a dollar instead of a nickel, the position of ironing technician requires crisply pressing a dress shirt in addition to flattening pillowcases. The bottom rung of the job just got higher.

Few workers have minimum wage careers. Earnings accelerate rapidly in the first three years after finishing school as workers gain experience and skills. Raising the minimum wage builds a barrier to first jobs and economic opportunities for those who need it most.