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Bloomfield opinion: Real victims of minimum wage increase

BY: Sue Ann Penna – November 21, 2013

Our most recent election in New Jersey brought with it overwhelming support for a Constitutional amendment to raise the state's minimum.

That means that no matter what economic situation the state is facing, there will be an increase in to the minimum wage. The president is now backing a proposal to raise the minimum wage to $10.10 to be adjusted each year according to inflation, which is a $1 more than he proposed during his State of the Union Address in February.

While on the surface those who support it think it is a great idea, the implications, history and reality prove it will have the opposite effect of what it hopes to accomplish and will ultimately hurt those it set out to help the most.

The emotional argument set forth by those who want to increase the minimum wage is that you cannot support a family on minimum wage and the way out of poverty is for people to make more money.

Let us look to history and the War on Poverty started by Lyndon Baines Johnson in 1964. Since that time, poverty levels have remained the same, and since its inception, the War on Poverty has cost the American taxpayer $15 trillion, while 50 million Americans still live below the poverty line (U.S. Census Bureau).

Couple the War on Poverty with an increase in the minimum wage, and the result is loss of jobs. And loss of jobs creates more poverty.

The first government-imposed minimum wage in 1938 resulted in the loss of 30,000 to 50,000 jobs, which is 10 to 13 percent of the 300,000 workers affected by the increase (U.S. Department of Labor). Raising the minimum wage to $9.50 an hour would result in the loss of 1.3 million jobs (Employment Policy Institute).

And let's not overlook the effect of Obamacare, which has caused businesses to shift workers to part-time status, or they have cut back on hiring altogether because they cannot afford the increase in labor costs.

Policies pushed forth by government do not take people out of poverty. The government forcing businesses to give people raises is not the answer. What is fair about forcing people to pay other people more?

Here are some facts that have been left out of the argument for raising the minimum wage. A study done by the Cato Institute found that only 4.7 percent of those who make minimum wage are raising a family on that salary.

That is a far cry from the story being told to us of those trying support a family of four on minimum wage.

Minimum wage is not and was never meant to be a "living wage." It is meant as an entry into the workplace for those who have never worked before to have the opportunity to learn a skill and move up the ladder. Full-time, entry-level workers usually see a salary increase after one year on the job, and that is accomplished without a government mandate.

The real face of those who make minimum wage are high school and college students, part-time workers and workers from non-poor families. Teenagers, and especially African-American young adults, are hit the hardest when wages are increased.

The reality is that, once the cost of doing business gets more expensive, employment will go down.

Also, the increased cost to do business will need to be passed down to someone, and that someone is the consumer in the form of higher costs for goods and services. This also wipes out the benefit of receiving more money through a pay increase because now you have to pay more for everything.

Rather than pushing policies that have proven to hurt the ones they are trying to help the most, how about pushing economic policies that promote growth? Businesses in New Jersey face the harshest climate for business growth due to high taxes and over-regulation. As these are eased, companies can re-invest in their business allowing for more growth, which leads to more prosperity and the ability to hire more workers.

A good, healthy, prosperous economy is the best way to help most people out of poverty.