



Obama Advocates Higher Unemployment for Lower-Skilled Workers

Daniel J. Mitchell | Nov 07, 2013

Perhaps because he wants to divert attention from the slow-motion train wreck of Obamacare, the President is signaling that he will renew his efforts to throw more people into the unemployment line.

Needless to say, that's not how the White House would describe the President's proposal to increase the minimum wage, but that's one of the main results when the government criminalizes certain employment contracts between consenting adults.

To be blunt, if a worker happens to have poor work skills, a less-than-impressive employment record, or some other indicator of low productivity that makes them worth, say, \$7.50 per hour, then a \$9-per-hour minimum wage is a ticket to the unemployment line.

Which is the point I made in a rather unfriendly interview with Yahoo Finance.

But a higher minimum wage is popular with voters who don't understand economics, and unions strongly support a higher minimum wage since it means potential competitors are then priced out of the market.

So it's not exactly a surprise that the White House is siding with unions over lower-skill workers. Here's some of what is being reported by *The Hill*.

President Obama might soon renew his push for a \$9 minimum wage, a top economic adviser said on Monday. "You'll certainly be hearing more about it," Jason Furman, the chairman of the Council of Economic Advisers, told reporters Monday at a *Wall Street Journal* event. ...Obama urged lawmakers during January's State of the Union address to boost the wage from \$7.25 to \$9 per hour and index it so that it rises with inflation.

The "indexing" provision would be especially pernicious. In the past, rising overall wage levels have diminished the harmful impact of the minimum wage. But if the minimum wage automatically increases, then the ladder of opportunity may be permanently out of reach for some low-skilled workers.

Walter Williams also has weighed in on this issue, noting specifically the negative impact of higher minimum wages on minorities. Indeed, he cited research showing that, "each 10 percent increase reduces hours worked by 3 percent among white males, 1.7 percent for Hispanic males, and 6.6 percent for black males."

The bottom line is that businesses aren't charities. They hire workers when they think more employees will improve the bottom line. So if you artificially increase the price of labor, it's easy to understand why marginal workers won't get hired.

For more information on this issue, here's a video produced by the Center for Freedom and Prosperity. http://www.youtube.com/watch?feature=player_embedded&v=zMMN3UIQmEk

P.S. I wrote yesterday that the tax-hike referendum in Colorado was the most important battle in the 2013 elections.

Well, I'm delighted to report that Colorado voters are even wiser than Swiss voters. A take-hike referendum in 2010 was defeated in Switzerland by a 58.5-41.5 margin. Colorado voters easily exceeded that margin, rejecting the tax hike in a staggering 66-34 landslide.

Here's what the Denver newspaper – which liked the tax increase – wrote about the referendum.

The pro-66 side raised more than \$10 million that it lavished on advertising, messaging and get-out-the-vote efforts, thanks in part to huge donations from teachers unions, Michael Bloomberg, and Bill and Melinda Gates. Opponents meanwhile had barely the equivalent of a street-corner megaphone at their disposal. And yet Colorado voters, in another display of independence, ignored the prodding in one direction and chose to go their own way. They didn't merely defeat Amendment 66. They demolished the idea.

In other words, taxpayers were heavily outspent by union bosses and out-of-state billionaires, yet they easily prevailed and Colorado's flat tax is safe. At least for now.

P.P.S. I conducted a test this morning on media bias. I'm still in Iceland, so I went to sleep last night long before American election results were announced. When I woke up this morning, I looked first at both the CNN and Washington Post websites. When I didn't see any results for the Colorado tax referendum, I was 99 percent confident that the stats had lost. Needless to say, it would have been front page news if the referendum was approved.

P.P.P.S. Since I'm adding some comments on Colorado elections, we also should be happy that the pro-school choice members of the Douglas County School Board were all reelected, notwithstanding a big effort by the unions.