

Europe – Has the minimum wage hurt employment?

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An American economist has claimed that the minimum wage is killing jobs in Europe, while campaigners across America are demanding a minimum wage increase in the US, reports the *dailycaller.com*.

In the April edition of *Globe Asia*, Steve Hanke of the Cato Institute and John Hopkins University, compares unemployment figures for European countries with and without a minimum wage. When averaged; the seven European Union (EU) countries in which no minimum wage is mandated (Austria, Cyprus, Denmark, Finland, Germany, Italy, and Sweden), the unemployment rate is 7.9%.

While high, it is far below the average unemployment rate of the 21 EU countries that do have hourly pay laws. The combined average unemployment rate for the countries with a minimum wage is 11.8%, more than a third higher.

The labour force gap is even wider when youth employment data is compared. In the 21 EU countries where there are minimum standards, 27.7% of individuals 25 or younger were unemployed in 2012.

In contrast, the seven non-minimum wage countries had an average unemployment rate of 19.5% in 2012 for the same age demographic.

Similar to the United States, the 2008 recession also impacted Europe's overall employment numbers and many European countries have been slow to recover. Unemployment in Europe is generally higher than in the U.S.

Mr Hanke contends that these figures should not be overlooked as the debate over the minimum wage continues on the home front.

He explained: "Minimum wage laws, while advertised under the banner of social justice, do not live up to the claims made by those who tout them. They do not lift low wage earners to a so-called 'social minimum'. Minimum wage laws, imposed at the levels employed in Europe, push a considerable number of people into unemployment."