



# The Voters Want a Higher Minimum Wage, but the Voters Are Wrong

**There's no shortage of evidence that minimum-wage increases hurt workers.**

By Michael Tanner

April 22, 2015

Last week, while most Americans were scrambling to make sure that their taxes were paid on time, protesters across the country took to the streets to demand that the minimum wage be increased to \$15 an hour. The protests — which featured fast-food workers, Walmart employees, home-care workers, and a truly oppressed group: adjunct college professors — took place in some 350 cities and received widespread media attention.

There is no doubt that the protests resonate with the American public. Voters might not be quite ready for a \$15-an-hour minimum wage, but, according to a Pew poll from last year, they support an increase in the base wage by a 73-to-25 percent margin. In 2014, even as Republicans swept to victory in Congress, voters in such deep-red states as Alaska, Arkansas, Nebraska, and South Dakota raised their state minimum wages.

Yet, at the same time, the evidence continues to build that, on this issue at least, the voters are wrong.

Anecdotal evidence has started to trickle in from Seattle and San Francisco, both of which voted to raise their minimum wages to \$15. Both cities have seen an unusual increase in the number of restaurants going out of business since the hike, although it is extremely hard to link the closings directly to the new minimum wage, which hasn't yet been fully phased in. It is likely still too early to tell.

Still, a survey of Seattle-area small businesses did find that 42 percent of surveyed employers were “very likely” to reduce the number of employees per shift or overall staffing levels as a direct consequence of the law. Similarly, 44 percent reported that they were “very likely” to scale back on employees' hours to help offset the increased cost of the law. There has also been a sharp fall-off in the number of firms seeking a business license in the city that has roughly corresponded with the passage of the minimum-wage hike.

Better evidence comes from a Government Accountability Office report on minimum-wage hikes in American Samoa. Three 50-cent hikes in the territory's minimum wage since 2007 have been followed by an 11 percent decrease in overall employment. Employers, especially in the important tuna-canning industry, attributed cutbacks directly to the increased minimum wage.

If that's not enough, the body of economic literature showing the relationship between an increase in the minimum wage and job loss continues to pile up. For instance, a National Bureau of Economic Research working paper by Jonathan Meer and Jeremy West found that, while we may not see an immediate hit from raising the minimum wage, "minimum wage reduces job growth over a period of several years. These effects are most pronounced for younger workers and in industries with a higher proportion of low-wage workers."

We also know that the type of minimum-wage earner highlighted by the protesters, struggling to support a family on \$7.25 an hour, is the exception, not the rule. Fewer than 5 percent of minimum-wage earners are adults working full-time trying to support a family. Minimum-wage earners might not be college kids earning summer beer money anymore, but neither are they hard-pressed single parents. In fact, the average family income for a minimum-wage worker is \$53,000/year.

We also know that few workers earn the minimum wage for long. Of those starting a job at minimum wage, two-thirds will be earning a higher wage within a year.

But it's not just that a minimum-wage hike is an inefficient way to raise wages for the poor. A hike may actually hurt the very people it's designed to help. A study by Jeffrey Clemens and Michael Wither of the University of California, San Diego, found that large minimum-wage hikes reduced employment, average income, and the economic mobility of low-skilled workers. Most troubling, low-skilled workers affected by minimum-wage increases were 5 percentage points less likely than other low-wage workers to reach lower-middle-class earnings over the medium term, meaning that raising the minimum wage could actually block the road to the middle class for some workers.

All of this poses a problem for GOP candidates. So far, among presidential candidates or near-candidates, only Rick Santorum supports an increase in the minimum wage. Bobby Jindal has said he is not "ideologically opposed" to raising the federal minimum wage, but he opposes doing so now, while the economy is weak. Marco Rubio's position is similar, saying that he is not opposed to the minimum wage conceptually but opposes proposed increases. Most of the other leading candidates, including Ted Cruz, have also come out against any increase, although only Rick Perry and, surprisingly, Jeb Bush, called for eliminating the federal minimum wage altogether. Bush takes a federalist approach, saying that he would let each state set its minimum, although he would prefer to "leave it to the private sector." Rand Paul could also be put in that camp. He has not explicitly advocated repeal but says that setting wages "is none of the government's business." Scott Walker, on the other hand, has said that while he thinks the minimum wage "serves no purpose," he would not repeal it.

With Hillary Clinton firmly in favor of a minimum-wage hike, the eventual Republican nominee is going to have to find a way to marry good policy with what might be bad politics. Whether

candidates can stick to the right position even when voters lean the other way, and whether they can explain their reasons why, will be a good test for GOP primary voters.

— *Michael Tanner is a senior fellow at the Cato Institute and the author of [Leviathan on the Right: How Big-Government Conservatism Brought Down the Republican Revolution](#).*