



Minimum Wage Hikes Win Two Election Day Victories

New Jersey and SeaTac, Wash., will both raise wages for their lowest-paid workers

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November 6, 2013

The minimum wages in one state and one city are about to creep higher, due to the passage of two ballot measures Tuesday night.

New Jersey voted to raise its minimum wage from the federally mandated \$7.25 to \$8.25 per hour and to impose annual cost-of-living increases. That measure passed with a strong 61 percent support. In SeaTac, a suburb of Seattle, voters also chose to boost the minimum wage for some workers to \$15, nearly \$6 above the current Washington state minimum wage of \$9.19 per hour. Early returns show that measure passed with 54 percent of the vote, [according to the Seattle Times](#). The SeaTac wage increase would affect only workers who work at or around SeaTac airport, like baggage handlers and food service workers.

Both measures have inspired further iterations of the eternal argument about the minimum wage: does it boost the economy by giving workers more spending money? Or does it raise labor costs and thereby reduce businesses' ability to hire?

"The voters understand that we cannot build a recovery on low-wage jobs," Christine Owens, executive director of low-wage worker advocacy group the National Employment Law Project, said in a statement. "This is not only a big victory for thousands of workers in New Jersey and SeaTac, but also a clear signal that the public is anxious for progress to create more living wage jobs."

As one union spokesperson said, it will give workers greater spending power to buy the very goods they help to sell.

"This means that the people who put fuel in jets may actually be able to buy a ticket on one," David Rolf, a vice president of the Service Employees International Union, told the Seattle Times.

While low-wage workers may rejoice now, in the long run, a higher minimum wage will mean fewer job opportunities, says one minimum wage opponent.

"The change will be slow. People don't fire people overnight," says Mike Tanner, a senior fellow at the libertarian Cato Institute, but eventually will squeeze employers, forcing them to cut back on hiring. Minimum wage hikes are particularly hard on small businesses, he says, which tend to have lower profit margins.

"Very few people live on the minimum wage," says Tanner, which he says is the way it's supposed to be.

Minimum wage is "the first rung on the ladder for people who have minimal skills and minimal productivity," he adds. "It's a gateway. It's a starting point and eventually what always happens is people gain skills and gain experience they move up."

Tanner believes there should be no minimum wage, as it sets an artificial price floor instead of allowing businesses to pay workers what they're worth based on their productivity and skills.

Top economists are split on whether a minimum wage would adversely affect the labor market. A [February survey](#) of economists from the University of Chicago's Booth School of business found that 34 percent of economists believe raising the federal minimum wage would make it harder for low-skilled workers to find jobs, compared to 32 percent who disagreed. Meanwhile, 24 percent were uncertain.

Interestingly, the economists still said raising the minimum wage would be worth it, with 42 percent of them saying the distorting effects of raising the minimum wage would be small enough that they wouldn't offset the benefits to low-wage workers. Meanwhile, 32 percent were uncertain, and only 11 percent said they either disagreed or strongly disagreed.

Many more voters nationwide will likely see minimum wage on the ballot in the near future. Arkansas, Hawaii, Idaho, Illinois, Maryland, Massachusetts, and Minnesota all have either bills or ballot initiatives "underway or expected" during the course of the next year, according to Business for a Fair Minimum Wage, an advocacy group that supports a higher federal minimum wage. And even an opponent of raising that wage, acknowledges there is a very real possibility of those measures passing.

"It's politically popular. It's bad economics, but it's politically popular," says Tanner.