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Wage floor follies

By Tribune-Review

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The economy's ongoing struggles magnify the importance of avoiding the pitfalls of minimum wage laws, which are as immutable as the laws of basic economics.

"A decision to increase the minimum wage is not cost-free; someone has to pay for it, and the research shows that low-skill youth pay for it by losing their jobs, while consumers may also pay for it with higher prices," writes Mark Wilson, a former deputy assistant secretary of Labor, in a new Cato Institute paper.

"Minimum wages particularly stifle job opportunities for ... the groups that policymakers often are trying to help with these policies," he says.

Minimum-wage hikes "don't reduce poverty levels," Mr. Wilson reminds, noting that just 11.3 percent of workers who would gain from a bill introduced by U.S. Sen. Tom Harkin, D-Iowa — which would raise the federal minimum wage 35 percent over two years, to $9.80 an hour, and index it to inflation — live in poor households.

The economy is all the more reason why Congress (and New Jersey, New York and Connecticut lawmakers considering state hikes) must heed Wilson's minimum wage wisdom and not force added costs on businesses.

The better approach, as Wilson says, involves "policies that generate faster economic growth to benefit all workers." Again, that's basic economics — and time-tested, unchanging truth