

Tyler Morning Telegraph

Minimum wage hike would hurt young people and the poor

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If you examine only the benefits of a policy, then decisions become easy. That's what the newest study on the minimum wage does - it explains, in great details, the benefits of raising the federal minimum wage to \$15 per hour.

That raise (which would be more than a 100 percent wage hike in Texas) would alleviate "food insecurity" for any families.

That's true. And if those families were the only measure of the policy's impact, then raising the minimum wage would be a no-brainer. But what about all the other families? What the study leaves out is the increased unemployment (where you'll see food insecurity really spike), reduced opportunities, and the disparate negative impact on minorities that a minimum wage hike causes.

The study is published by The Century Foundation, a left-leaning think tank.

"The Great Recession has had an immense toll on the ability of Americans to feed themselves," the study says. "Today, 14.0 percent of American households - about one in seven - suffer from food insecurity, which means they do not have the resources to provide enough food for an active, healthy life for all household members."

Strictly speaking, that is not true. "Food insecurity" encompasses not just hunger, but worrying about hunger - families can be counted as food insecure if during the previous 12 months, they have at any time worried their resources might run out before the next payday.

But let's not quibble. Let's look at the primary finding.

"An increase in the minimum wage significantly improves food security, with larger increases for African-American and Latino, high school graduate, and single-parent households," it says. "If the federal minimum wage were raised to \$15.00 per hour by 2023, almost 1.2 million American households would achieve food security - a major impact on the epidemic of hunger nationwide."

Even if that's true for those families, it doesn't account for those who are out of work and can't find a job. It doesn't account for those young and inexperienced workers who are shut out of the job market by high wages - particularly minority youth.

As Harvard economist Greg Mankiw writes, “The minimum wage has its greatest impact on the market for teenage labor. The equilibrium wages of teenagers are low because teenagers are among the least skilled and least experienced members of the labor force. In addition, teenagers are often willing to accept a lower wage in exchange for on-the-job training.”

And as the Cato Institute points out, “Seventy years of empirical research generally finds that the higher the minimum wage increase is relative to the competitive wage level, the greater the loss in employment opportunities. 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.”

The Century Foundation’s study is valuable in that it shows one side of the argument. But that’s also its limitation. We have weigh the positive with the negative.