

Con: Increasing minimum wage could lower workers' drive

By Allison Miles Februa 24, 2013

A look at 2011's minimum wage statistics

- 73.9 million workers nationwide age 16 and up were paid hourly rates. Of those, 1.7 million earned the \$7.25 federal minimum wage, and about 2.2 million earned less.
- About 6 percent of women who earned hourly rates had ...

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Job satisfaction is good, but people should aspire to work their way up, Victoria resident Spencer Townsend said.

It's that thinking that leads him to question President Barack Obama's proposal to increase federal minimum wage to \$9 an hour.

Townsend, who remodels homes, said he worries an increase will lessen minimum wage earners' aspiration to move on from fast-food work and similar positions.

"It depends on where they live and whether they can afford an apartment and everything on that money," said Townsend, 24. "But I think it might take away that drive."

Other hazards might also come into play.

Although the goal of a minimum wage is to help workers, research shows it typically harms both employees and the economy, according to "The Negative Effects of Minimum Wage Laws," a Cato Institute policy analysis by Mark Wilson.

Businesses must make adjustments for the added costs when wages rise, and they do so through reduced hiring, reduced benefits, cutting back employee hours and increasing prices, according to the report.

"Minimum wages particularly stifle job opportunities for low-skill workers, youth and minorities, which are the groups that policymakers are often trying to help with these policies," Wilson wrote.

Joe Humphreys, director of the University of Houston-Victoria Small Business Development Center and a former business owner, said he was never in favor of the federal government telling people what to pay their employees. An employer should pay a fair wage, he said, but a number of variables come into play.

"The old saying 'it depends' could not be more true than this," he said. "It depends on the business, it depends on the area and it depends on what the business can afford to pay."

If a company wants to keep its employees, it will offer raises, Humphreys added. Workers become more valuable the longer they stay with a company, he explained, and should be adequately compensated.

"It sounds real good on television when you're talking about how you'll help the middle-income families, but businesses still need to make money," he said of minimum wage. "They need people to work. This limits their ability to do that."