

# The Washington Post

## Bring it on: Battle over minimum wage is underway

By Greg Sargent on February 13, 2013

---

That was quick. John Boehner just shot down Obama's proposal to hike the federal minimum wage to \$9.00 per hour. His rationale was a familiar one.

"When you raise the price of employment, guess what happens? You get less of it," Boehner said. "What happens when you take away the first couple of rungs on the economic ladder — you make it harder for people to get on the ladder. Our goal is to get people on the ladder and help them climb that ladder so they can live the American dream."

I asked Boehner spokesman Michael Steel to back up Boehner's claim. He sent me two things. First, a statement from the National Federation of Independent Businesses (historically a GOP-aligned group) which concluded: "A higher federal minimum wage will do the opposite of what he intends. It will hurt workers, job creation and the economic growth that is so critical — the growth that must come from the small-business sector." He also sent an article by Forbes writer Bill Dunkleberg concluding the minimum wage kills jobs.

The minimum wage is a complex topic. But there is plenty of scholarship out there that directly challenges the view echoed by Boehner. The left-leaning Center for American Progress recently surveyed a raft of academic studies on the impact of the minimum wage and found that they showed that minimum wage hikes boost workers' wages but don't materially hike unemployment — even amid bad economic times. CAP summarized the reasons for this as follows:

Studies generally find that policies that increase the compensation of low-wage workers significantly reduce turnover, boost worker effort, encourage employers to invest in training for their workers, and can increase demand for goods and services — all of which help balance out any potential negative effects.

In other words, when workers are better compensated, they give more to their employers, stick around the job longer, and spend more money. Other economists have endorsed some of the research surveyed by CAP. Meanwhile, the liberal Economic Policy Institute has released a statement signed by many prominent economists endorsing the Council of Economic Advisers' 1999 finding that "the weight of the evidence suggests that modest increases in the minimum wage have very little or no effect on employment."

The substance of the issue aside, this is a good fight for Democrats to have. It highlights one of the most important questions about our economy right now: With corporate profits at record highs, why are wages

and other compensation falling, and why are workers being left behind? And it shifts the argument on to good political terrain for Dems, too — this is an important issue for core Dem constituencies, such as Latinos and women.

The debate also provides an opening for Dems to ask a question: If Republicans oppose raising the minimum wage, what specific actions by government do they support to improve social mobility? In other words, what, if anything, do Republicans think government should do to help struggling Americans climb that “ladder” that Boehner referred to — or to access the lowest rung of that ladder in the first place? This argument could help highlight the GOP’s ongoing struggle to articulate a positive role for government to play in improving people’s lives.

\*\*\*\*\*

UPDATE: More from John Boehner’s office:

To back up Boehner’s argument, spokesman Michael Steel pointed TPM to a 2012 paper by the libertarian Cato Institute, a 2009 paper by the conservative Heritage Foundation, and two opinion pieces published last year by Michael Saltsman, a researcher for the industry-backed Employment Policies Institute: a letter published in the New York Times and an op-ed for the New Jersey Daily Record.