



THE DAILY TOREADOR

OPINION — Polkosnik: Raising minimum wage is not best idea for economy

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There are millions of Americans today that believe their hardworking hours are worth more than \$7.25. Although their opinions should be taken into consideration for such an action, it is important to understand the consequences of raising the minimum wage and why it might be better to keep it low.

According to the Cato institute website, raising the minimum wage would hurt low-skilled workers. The website states, “A 2012 analysis of the New York State minimum wage increase from \$5.15 to \$6.75 per hour found a 20.2 to 21.8 percent reduction in the employment of younger, less-educated individuals.” Companies who are forced to pay their workers a higher wage often times resort to layoffs, therefore increasing unemployment of less-educated workers in America.

According to the When I Work website, “If an employer has a tight compensation budget and the minimum wage is raised, it means they can no longer compensate the same number of employees at a higher rate and must make layoffs to remain within budget.” If the minimum wage is raised, companies may resort to hiring educated employees who are worth the higher wage, and laying off those who are not as qualified for the minimum wage.

Refraining from raising the minimum wage makes complete sense from a business perspective. Imagine you are the owner of a business. If you had to pay your employees more, wouldn't you want better trained, skilled and experienced employees who are worth the wage you pay them? In retrospect, from a universal perspective, hundreds of thousands of jobs may be lost, thus increasing unemployment across the country.

Many may believe the point of raising the minimum wage is to provide a better “living wage,” even though the cost of living varies significantly between regions in America.

According to the [Reason.com](#) website, “Why should the minimum wage in low-cost areas such as Texas or Oklahoma be the same as in high-cost areas such as San Francisco or Manhattan?” The minimum wage should vary based on the average cost of living in the state you are in, rather than raising the minimum wage universally. With a varied minimum wage, the average person

living in states with higher tax rates may live comfortably rather than worrying about being taxed so heavily making the same universal minimum wage as everybody else.

With respect to the average consumer, raising the minimum wage will contribute to an increase in inflation.

According to the Junior State of America website, “Employers might raise prices of their product in order to generate enough income to support their more highly paid minimum wage employees, which could ultimately create a ripple effect for other shops and industries.” By keeping the minimum wage low, prices on products will remain at low-cost for minimum wage workers to afford groceries and other living expenses that are vital for survival.

Some might ask, “Will raising the minimum wage solve the problem of poverty in America?” According to a Forbes article, “increasing the minimum wage from \$7.25 to \$10.10 per hour will only reduce the number of people in poverty by 900,000.”

From the short-term perspective, poverty will decrease by a very small percentage. However, from the long-term perspective, raising the minimum wage simply cannot solve the problem of poverty. If increased, competition for minimum wage jobs will be intensified, making it much more difficult for those that really need a job to make their rent payment. More overly qualified applicants will be working for minimum wage, taking jobs away from the lower-skilled and less educated Americans today.

This competition contributes to the growing percentage of impoverished America. If America truly wants to solve the issue of poverty, it is important to educate our fellow Americans and teach them how to economize the money they earn. Raising the minimum wage is not the best idea.