Joe Biden's $15 minimum wage hike would kill 2 million jobs, new study shows

Brad Polumbo

October 21, 2020

Tens of millions of workers are unemployed right now as the economy struggles to rebound from the COVID-19 crisis and ensuing government lockdowns. But if Joe Biden and Democrats sweep the board in November, even more people could find themselves out of jobs at the worst possible time.

Remember, the "moderate" Democratic presidential nominee has endorsed a $15 federal minimum wage. Meanwhile, House Democrats have already passed a bill that would mandate a $15 hourly rate in all 50 states, even those where it would constitute a more than doubling of the current minimum wage. And a new analysis by the fiscally conservative Employment Policies Institute finds that enacting this proposal would destroy 2 million jobs by 2027.

"Texas projects to have the highest losses, totaling over 370,000 jobs lost by 2027," the report finds. "Pennsylvania, Florida, North Carolina, Ohio, and Georgia are all expected to see over 100,000 jobs lost in the next six years as well."

The two economists who authored the study, William Even of Miami University and David Macpherson of Trinity University, also conclude that the job losses from a $15 minimum wage would disproportionately hurt young people and women. Of all the impacted jobs currently filled by African Americans, 9% would be eliminated entirely.

This shouldn't come as a surprise. As free-market economist and Nobel laureate Milton Friedman once wrote, "The real tragedy of minimum wage laws is that they are supported by well-meaning groups who want to reduce poverty. But the people who are hurt most by higher minimums are the most poverty stricken."

It's easy to understand the basic economics of why minimum wage laws don't work. Here is economist Thomas Sowell: "By the simplest and most basic economics, a price artificially raised tends to cause more to be supplied and less to be demanded than when prices are left to be determined by supply and demand in a free market," he writes in his book *Basic Economics*. "The result is a surplus, whether the price that is set artificially high is that of farm produce or labor."

Think about it like this: What would you do if the government passed a mandate tripling the price of a household good? You would buy less of it, of course, because the previous market price was representative of what that product was actually worth to consumers like you.

And don't think that this new study is some outlier either. A 2019 survey, also conducted by the Employment Policies Institute, revealed that 3 in 4 economists oppose increasing the minimum wage, even though most respondents were registered Democrats or independents.

Moreover, a <u>research review</u> by the Cato Institute concluded, "The main finding of economic theory and empirical research over the past 70 years is that minimum wage increases tend to reduce employment."

As the *Washington Examiner's* Tiana Lowe has <u>noted</u>, even the nonpartisan Congressional Budget Office has projected millions of jobs lost nationally from a federal $15 minimum wage.

Oh, and it's not as if a $15 minimum wage is the only disastrous economic policy Biden is running on — not even close. In fact, a <u>Stanford study</u> just found that the Democrat's confiscatory tax policies and harsh regulatory regime would destroy 5 million jobs and reduce median household income by $6,500. And that's to say nothing of Biden's support for anti-gig economy legislation that would make <u>millions of people's flexible livelihoods illegal.</u>

In spite of all this, Biden has campaigned on the notion that he alone can steer the country back from the COVID-19 downturn and that he cares about blue-collar workers. Maybe if Biden <u>ever comes out of his basement</u>, someone will force the candidate to explain why he's running on a platform that would wipe out millions of jobs with the stroke of a pen.