



Some Candidates Say Robbing Peter to Pay Paul Would Kick Start Economy

By Thomas Mitchell
October 24, 2014

Vice President Joe Biden breezed through Nevada one afternoon earlier this month, stopping long enough to pitch the idea of increasing the federal minimum wage 40 percent from \$7.25 an hour to \$10.10, saying this would not cost jobs and would pump \$19 billion into the nation's economy.

“All of this is disposable income, and it gets straight into the economy,” Biden said, which is utter Keynesian nonsense because it is nothing more than redistributionism, taking money from some pockets and putting it in others.

President Obama has called for raising the minimum wage. Nevada Sen. Harry Reid has repeatedly championed a higher minimum, though our junior Sen. Dean Heller has voted against it.

It is an issue in some of the four congressional races on the ballot.

Asked about the minimum wage issue after his Democratic opponent came out in favor of raising it not to \$10.10 but to \$15, Republican Rep. Joe Heck, whose 3rd Congressional District covers the southernmost reaches of the state, replied, “The last thing our economy needs is another mandate from Washington that will cost us jobs. Raising the minimum wage will not increase jobs, expand opportunity, or be a silver bullet to reduce poverty. Instead, it will cost mainly young and low-skilled workers the chance to get a start in the working world and learn critical job skills that will help them transition to more gainful employment.”

In fact the Congressional Budget Office has estimated that raising the minimum wage to \$10.10 could cost a half a million jobs.

But opponent Erin Bilbray told the Las Vegas newspaper, “I believe this will help the economy and make it stronger. I think when you give the middle class money it helps us all.”

In the 4th Congressional District, covering the southern half of rural Nevada and northern Clark County, Democratic incumbent Steven Horsford has supported the \$10.10 minimum pay.

“I don’t support continuing to give corporations and billionaires tax subsidies and tax loop holes when we can’t give minimum wage workers — who make \$14,500 — a raise,” Horsford said during a debate with Republican opponent Crescent Hardy.

For his part Hardy shrugged off the issue and replied, “To bring it to \$10 an hour — it ain’t no big issue.”

In the 3rd Congressional District in urban Las Vegas, incumbent Democrat Dina Titus has issued a statement saying, “I believe that everyone deserves the opportunity to earn a decent wage for a hard day’s work, whether they’re a young worker trying to earn money for college or a single mother supporting a family. In short, the minimum wage is about fairness ...”

Republican opponent Dr. Annette Teijeiro replied to an inquiry by saying, “The myth of creating a ‘living wage’ by government fiat is just that, a myth. Artificial government mandates do not create prosperity and in some cases create financial ruin.

“As a small business person, I understand that if my payroll budget is tight then the only way to accommodate a mandated government wage increase is to fire enough workers to afford the increase or to increase the cost of the products and/or services I sell. So the end result of a government mandated minimum wage increase are more payroll taxes paid by the employer and the employee, and less workers to be able to pay for this new expense or higher prices to afford the payroll increase costs.”

In the northernmost part of the state, the 2nd Congressional District, Republican incumbent Mark Amodei in 2013 voted against raising the minimum wage to \$10.10 and his Democratic opponent apparently has not made an issue of it.

The facts are on the side of the opponents of raising the minimum wage.

James Sherk, a senior policy analyst in labor economics at the Heritage Foundation, told Congress a year ago that every dollar increase in minimum wage really only raises take-home pay by 20 cents once welfare benefits are reduced and taxes are increased, meaning the \$10.10 proposal nets only 57 cents an hour. Sherk noted a number of workers would lose their jobs and go from \$7.25 to zero.

Then there are the affects on prices for everyone.

Mark Wilson, writing a policy analysis for Cato Institute, reports that a “comprehensive review of more than 20 minimum wage studies looking at price effects found that a 10 percent increase in the U.S. minimum wage raises food prices by up to 4 percent and overall prices by up to 0.4 percent.”

Raising the minimum wage would send damaging ripples throughout the economy.