



Bad time to raise Maryland's minimum wage

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Raise Maryland, a coalition of union, immigrant and advocacy groups, is lobbying for a bill to gradually raise the state's minimum wage from the current federal rate of \$7.25 per hour to \$10 by 2015. The bill's Senate sponsor, Sen. Robert Garagiola, D-Montgomery, claims it would "not only put more money in the pockets of [minimum wage] workers, but also increase business activity in our state."

But raising wages by government fiat will not automatically increase business activity or productivity, which are what's needed to expand Maryland's economy. A hike in the minimum wage will likely have the opposite effect because it will force businesses to pay low-skilled workers more than their labor is worth in the marketplace.

Although a higher minimum wage would put more money in the pockets of some workers, it would also reduce the number of available jobs, as a 2012 study of San Francisco (which raised its minimum wage to \$10.24 last year) by the University of Kentucky's Aaron Yelowitz concluded: "Each one dollar increase in the city's compensation floor -- via wage or benefit mandates -- increases unemployment among [teens and young adults] by nearly 4.5 percentage points."

Yelowitz's analysis confirmed the results a 2006 metastudy of more than 100 minimum wage studies published since the 1990s, which found that "the preponderance of the evidence points to disemployment effects." As Heritage Foundation economist James Sherk succinctly put it, "The real minimum wage is \$0; employers do not have to hire additional workers."

In a paper published last June by the Cato Institute, Mark Wilson, a former deputy assistant secretary at the U.S. Labor Department, noted only 4.7 percent of all minimum wage earners are adults over the age of 25 who are working full-time and raising a family. More than two-thirds (69 percent) are high school or college students working part-time to acquire basic job skills or make money for college.

Maryland's unemployment rate was 6.7 percent in December, up from 6.3 percent in December 2011, according to the Maryland Department of Labor, Licensing and Regulation. But the unemployment rate for 16-to-19-year-olds averaged 21.2 percent, and the number was even higher among low-income minority youth. Under these circumstances, it would be unconscionable for the legislature to do anything to further depress employment opportunities for Maryland's young people.

That's exactly what Raise Maryland, Sen. Garagiola, and the bill's House sponsor, Del. Aisha Braveboy, D-Prince George's, propose to do under the guise of helping them. No thanks.

