

[Minimum Wage Hikes Deserve Share Of Blame For High Unemployment](#)

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Even though the Obama Administration [claimed that squandering \\$800 billion on so-called stimulus would keep the joblessness rate below 8 percent](#), the unemployment rate today is almost 10 percent. There are many reasons for the economy's tepid performance, including a [larger burden of government spending](#) and the [dampening effect of future tax rate increases](#) (tax rates will jump significantly on January 1, 2011, when the 2003 tax cuts expire).

A closer look at the unemployment data, though, suggests that minimum wage laws also deserve a big share of the blame. In this [Center for Freedom and Prosperity video](#), a former intern of mine at the Cato Institute (continuing a [great tradition](#)) explains that politicians destroyed jobs when they increased the minimum wage by more than 40 percent over a three-year period.

Mr. Divounguy, the narrator of the video, is correct when he says businesses are not charities and that they only create jobs when they think a worker will generate net revenue. Higher minimum wages, needless to say, are especially destructive for people with poor work skills and limited work experience. This is why young people and minorities tend to suffer most - which is [exactly what we see in the government data](#), with the teenage unemployment rates now at an astounding (and depressing) 26 percent level and blacks suffering from a joblessness rate of more than 15 percent.

Since the video is focused on economics, it does not examine why politicians would enact legislation that destroys jobs. There are probably several factors involved, including economic ignorance, but a key factor is that politicians are responding to [pressure from unions](#). This raises a separate question. Union members invariably make more than the minimum wage, so why do union bosses put so much muscle behind lobbying campaigns for higher minimum wages? The answer is simple. As [Walter Williams has explained](#), unions want to make it more expensive for employers to hire other forms of labor. For all intents and purposes, the union bosses are throwing the less fortunate and more vulnerable members of society under the bus.

In a free society, there should be no minimum wage law. From a philosophical perspective, such requirements interfere with the freedom of contract. In the imperfect world of politics, thought, the best we can hope for is that politicians occasionally do the right thing. Sadly, the recent minimum wage increases that have done so much damage were [signed into law by President Bush](#). It's worth noting that President Obama's hands also are dirty on this issue, since he supported the job-killing measure when it passed the Senate in 2007. When the stupid party and

the evil party both agree on a certain policy, that's known as bipartisanship. In the real world, however, it's called unemployment