

Minimum wage hurts more than it help

Joe Baker WRITERS GROUP People often ask me why the study of economics is just about the coolest thing that you can do. Although most guys major in economics primarily as a way to meet girls, the actual study of economics has its own rewards.

Ambrose Bierce defined an economist as a "scoundrel whose faulty vision sees things as they are, not as they ought to be." Take the minimum wage. Great idea -- help the "working poor" by establishing a "fair" wage. There are benefits; workers who remain employed enjoy higher income. Ah, but those pesky facts.

Raising the price of any commodity reduces the amount purchased (including labor). A higher minimum means fewer workers employed, all else being equal. Those losing their jobs are clearly worse off. Economists estimate that the last minimum hike resulted in from 200,000 to 600,000 job losses nationally. Because fewer people are now employed in our economy, total output, income and living standards are depressed.

The minimum wage results in more job seekers than jobs. Employers will have their pick of this oversupply and naturally hire the most productive workers. The costs of the minimum fall disproportionately on poorly educated and trained workers, i.e., inner-city minorities. I hope that these disadvantaged minorities feel good about sacrificing their jobs so that white middle-class teenagers can enjoy higher wages

Did you know that the unemployment rates for Blacks and whites were almost identical before the minimum wage was instituted? Now, Black unemployment rates are twice that of whites. Economist Walter Williams calls the minimum wage the one of the most anti-Black laws enacted.

The minimum can depress earnings over entire careers. Jobs are like ladder rungs; each job leads to a better job as workers gain skills and experience. Minimum wage induced unemployment therefore delays the first rung and reduces earnings over a lifetime. A higher minimum makes dropping out more attractive; research indicates minimum wage changes increase high-school dropout rates significantly.

Higher minimum wages increase the cost of production in industries that employ low-skilled workers (i.e., fast food). Higher costs translate directly into higher prices. Consumers (including the poor), in a sense, pay a "minimum wage tax."

Out of compassion for the "working poor," unions continually lobby for increases in the minimum. That is a good one, hah hah.

Minimum wages place a "tariff" on potential competitors and protect union workers. If the AFL-CIO could, they would also establish a "fair" wage for Mexican, Taiwanese and Korean workers that would raise the price of imported products and protect union jobs. I am sure that Levi jeans would also like to establish a minimum "fair" price for Wal-Mart jeans that would make them less competitive.

This is America. Why can't a worker and employer enter into a voluntary contract? Democrats are all for sex between consenting adults. Capitalism between consenting adults is where they draw the line.

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