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[Home](#) > [Opinion](#) > [Editorials](#) > Higher wage means fewer jobs

# Higher wage means fewer jobs

Mon, 02/11/2013 - 8:00am | [The News-Gazette](#) <sup>[1]</sup>

*Gov. Pat Quinn's call for a minimum-wage hike may be effective politics, but it's terrible policy.*

Because politicians love to be loved, they love to hand out goodies.

That instinct is even stronger for elected officials seeking re-election. But since Illinois is broke, Gov. Pat Quinn has no goodies to hand out.

So Quinn announced last week that he'll hand out goodies anyhow and make other people pick up the tab.

Quinn announced in his State of the State address that he's backing an increase in the state's minimum wage to \$10 an hour. Illinois' current minimum wage is \$8.25 an hour, third highest in the country and \$1 more than the federal minimum wage.

No matter, Quinn said; biblical principles mandate an increase.

It's doubtful the Bible takes a formal position on minimum-wage issues, but Quinn's contention is nonetheless clear — workers are entitled to fair compensation for their toil, and Quinn has concluded that requires a minimum wage of \$10.

Unfortunately, Quinn either doesn't understand or doesn't care about the laws of economics.

He's pricing minimum-wage workers, who tend to be young, inexperienced or low-skill, out of the market. Minimum-wage workers will get a pay raise under the Quinn plan, but fewer of them will get hired.

The best way to drive wages up is to build a strong economy that creates jobs and competition among employers for workers. It's supply and demand.

Take North Dakota, where the oil boom has created so many jobs that there is a shortage of workers. McDonald's restaurants are, according to news reports, advertising jobs that pay decidedly un-McDonald's-like wages of \$17 an hour.

But Illinois is not North Dakota. Unemployment here is above the national average, around 9 percent. Our economy is growing at a glacial pace. Our business climate is hostile to job creators. State government is not just sloppily run, but corrupt. That's not the atmosphere businesses are looking for when they consider expanding or relocating. Now Quinn wants to apply a minimum-wage increase to make a bad business climate worse.

Cooler and wiser heads should prevail.

[#1](#) <sup>[2]</sup>

Sid Saltfork <sup>[3]</sup> wrote on February 11, 2013 at 11:02 am

Wow.... the News Gazette said that state government is mismanaged, and "corrupt"! Finally getting around to identifying the problem that has existed over the many years. Now what can be done about it?

#2 <sup>[4]</sup>

Gollini777 <sup>[5]</sup> wrote on February 11, 2013 at 12:02 pm

Riiight. This editorial makes its case against minimum wages by referencing the once-in-a-generation "oil boom" in North Dakota. If only we could strike it rich with an oil boom in Champaign County, I guess that would solve everyone's problems and no one would worry about the minimum wage.

*He's pricing minimum-wage workers, who tend to be young, inexperienced or low-skill, out of the market.*

If you are "low skill," the News-Gazette does not think you should necessarily be earning more than \$8.25 an hour... because, your know, that might raise the cost of your cheeseburger by a nickel when you go to Burger King.

But good luck trying to survive on \$8.25 an hour. I guess it's possible if you've got food stamps or public assistance.

#3 <sup>[6]</sup>

Sid Saltfork <sup>[3]</sup> wrote on February 11, 2013 at 1:02 pm

Yes, the problem of the Working Poor is reaching a breaking point. Without subsidies millions of Americans cannot make it while the top 2% get richer, and richer. The Middle Class is paying the majority of the cost for the subsidies. Of course, unions are damned because they promote livable wages.

#4 <sup>[7]</sup>

SaintClarence27 <sup>[8]</sup> wrote on February 11, 2013 at 4:02 pm

Where is the evidence for the assertion that higher wage means fewer jobs? Can we just make claims now and have everyone assume that they are true?

#5 <sup>[9]</sup>

bluegrass <sup>[10]</sup> wrote on February 11, 2013 at 9:02 pm

You guys are right. I'll tell you Quinn is such a smart man and a great leader for coming up with such a great ideal like this to help people. I mean, really help people. My only critique would be I don't think he goes far enough. Personally, I think it should be the law that everyone should all just make \$250,000 a year. And everyone has to spend all the money they make, no savings or investments. Think about it, all that money out there in the marketplace! Businesses would be booming. Plus, no one would ever be jealous of anyone else for making more money, no one would ever be poor, the rich couldn't get richer. And we should all have 100% free health care too, and dental. Oh, and vision. Imagine! All the People. Living for today..... I wonder if you can.

#6 <sup>[11]</sup>Illini Libertarian <sup>[12]</sup> wrote on February 11, 2013 at 8:02 pm

Search the web; you can find evidence both for and against whether the minimum wage effects unemployment. Almost any point can be proven by providing references on the web. But, if you use common sense and a basic understanding of economics (both of which are rare in Springfield), you can figure out for yourself what will happen if Illinois raises the minimum wage.

Currently, the supply of labor exceeds the demand. If the cost of labor increases without any other changes (other costs stay the same) then demand for labor will fall even more. Therefore, unemployment increases further. Only in times of economic growth do higher wages not raise the unemployment rate. In case you haven't noticed, the economy is not doing particularly well, so an increase in minimum wage will increase unemployment in Illinois.

Politicians who favor taxes and regulation always propose more of the same to fix problems caused by their taxes and regulation. Why is the cost of living so high that a low-income individual cannot survive with a full time job? Because regulations have increased the costs. Food, housing, and healthcare are some of the most regulated industries in this country. More regulations equal higher costs. The pathetic part is that our lawmakers think that more regulation will fix the problem.

#7 <sup>[13]</sup>SaintClarence27 <sup>[8]</sup> wrote on February 11, 2013 at 10:02 pm

Yeah, you know what is awesome? A pharmaceutical and medical industry with no oversight. If we didn't have someone regulating the industry, it would be really cheap to be given an infection by draconian surgery.

You know what else is great? Slumlords! Ohh, and don't forget E. Coli. Stupid FDA keeping me from dying...

Oh, those regulations.

And you still haven't cited anything.

#8 <sup>[14]</sup>bluegrass <sup>[10]</sup> wrote on February 12, 2013 at 10:02 am

The difference between \$8.25 and \$10 an hour is around \$240 a month take home. Are the bleeding hearts out there prepared to tell us that amount of money is going to change someone from the "working poor" to the "middle class?" All it does is push employers to lower hours, not hire people, and it devalues wages. Not just that, it costs the employer well more than the \$300 a month to pay the employee that amount of money. Does anyone see how this translates to the real world? If an employer has 25 employees starting at minimim wage, he/she now has to come up with an additional, say, \$10,000 per month. Where do you think that comes from? Does DumDum Quinn and his merry band of democrats help out and pay that bill? No, they do not, because they're broke and they've already promised out around \$100 billion in unfunded liabilities of their own. If an employer has some good workers who started at minimum wage, and they have earned a raise and are now making \$10 an hour, guess what, now they're back at ground zero making the same amount as any newbie off the street. The answer is that YOU pay for it, we pay for it, either in a reduction of goods and services, or an increase in

prices.

I don't need a study to tell me that what is true in the marketplace, which is that raising the minimum wage to what would be the highest in the nation, will do nothing more than hurt the VERY PEOPLE they are trying to help, which are the youngsters starting out on their first jobs, and the people without the education or skills to do anything else. And if I'm wrong, and raising the minimum wage does not result in employers cutting back on hours and hiring, then isn't it much more compassionate to raise the minimum wage much past the \$10 range. Why not \$11, or \$15? I mean, wouldn't it be better for someone to make \$25 an hour? Why not \$250k a year like I wrote above? I know it's ludicrous, but if there are no studies to confirm it, then why not try it?

It's just another magazine clip argument. A bunch of bureaucrats arguing over arbitrary numbers that will help us, or make us safer, or make our lives better, or save us from fiscal cliffs. You're trusting these incompetent people like Madigan and Cullerton and Quinn and Blagojevich and Naomi Jaccobbbson and Mike Frerichs to make financial decisions for us when they can't even pass a simple budget that does not spend billions more than they take in. Honestly, what the heck does Pat Quinn know about ANYTHING? I wouldn't hire Pat Quinn to work in my office answering phones for me he's such a bumbling fool, but because he thinks it's a good idea to raise the minimum wage in IL we should all rally behind him? Somehow his stint as LT Dan Governor/veterans benefits advocate watchdog guy/lifetime hack politician who won the political lottery because his running mate has a crazy hairdoo and was sent to the can, made him an expert on exactly how much money hundreds of thousands of Illinois businesses should pay their employees? Where did he get this innate wisdom? He must be the Buddha of Illinois, sitting Indian style on a Springfield mountaintop, elbows to knees chanting Confucious-like minimum wage payment amount tips. "Aooooouuuuuuuuuuum. To truly attain inner peace, everyone should make \$10 hourly..... Aooooouuuuuuuuuuum."

Okay, rant over... I feel better now.

#9 <sup>[15]</sup>

Sid Saltfork <sup>[3]</sup> wrote on February 12, 2013 at 5:02 pm

You have an office? You hire people to answer your phone for you? Do Pen, and cretis work for you?

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Sections (2): [Editorials](#) <sup>[16]</sup>, [Opinion](#) <sup>[17]</sup>

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