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 **TODAY'S "QUICK HIT":**
MINNEAPOLIS
AND THE \$15
MINIMUM WAGE!
BE CAREFUL WHAT
YOU WISH FOR!



By Stephen L. Bakke  September 3, 2016

Here's what provoked me:

Hey SB! The \$15 minimum wage debate was once scoffed at, but with several cities and even a couple of states instituting it, even the feds are now trying to pass legislation for a \$15 minimum by 2021. The Minnesota Supreme Court ruled that the proposal could not be on the Minneapolis ballot, but all that sends the issue right back to the City Council. What will happen nobody knows. I'm convinced this enthusiasm is misdirected and would not be helpful in achieving its goal of reducing poverty. What say you, SB? – Stefano Bachovich – obscure curmudgeon and wise political pundit – a prolific purveyor of opinions on just about everything.

Here's my response:

Minneapolis and the \$15 Minimum Wage! Be Careful What You Wish For!

The Minnesota Supreme Court has spoken. The \$15 minimum wage won't be on the Minneapolis ballot, but the issue is not dead. The City Council will now be asked to establish the \$15 minimum.

The "\$15 per hour" issue was once time just talk, but now it's gaining traction. The goal of any minimum wage increase is to combat poverty, but is that what would be achieved? Credible predictions show that the increase to \$15 would cause approximately a 7 million decrease in jobs by 2021. If jobs are lost as predicted, wouldn't lower-skilled workers will be impacted the most?

The opposition viewpoint seems to be somewhat bipartisan. Harry Holzer, former chief economist in President Clinton's Labor Department stated: ***"[S]uch increases are extremely risky. In job markets where young or less-educated workers already have difficulty finding jobs and gaining important work experience, such mandates will likely make it much harder....."***

While the \$15 minimum would cause millions of lost jobs, I also question whether any benefits would actually accrue to those surviving workers who do end up with higher wages. The inflationary impact would be unprecedented, and soon prices would reflect the higher wages. This would negate most of the anticipated purchasing power gains!

I fear all we would have left would be inflationary prices, no real relative earnings benefit for anyone, and a materially shrunken labor force. We must be careful what we wish for. I'm convinced this isn't something that would work for workers or the overall economy!