

LETTER TO THE EDITOR

MINIMUM WAGE POLICIES – EVALUATE THEM BASED ON ACHIEVEMENTS, NOT JUST GOOD INTENTIONS!



By Stephen L. Bakke  April 7, 2014

Here's what provoked me:

An article by Barack Obama was published widely around the United States – usually on the “opinion exchange” or “guest opinion” section, following the Editorials and Letters to the Editor. The Minneapolis Star Tribune published it on March 31 with the title “Congress, put paycheck over partisanship – Enough already, give hardworking, minimum-wage-earning folds a raise.” While he is in full campaign mode, as I say below, “I suspect there’s some sincerity mixed in with some political sleight of hand.” His usual attitude comes across loud and clear (the following are my words): “Do it my way, I know best, and if you disagree, you must be misinformed, full of hatred, or something and government programs are the only way to solve the poverty problem.” This followed on the heels of a letter to the editor which insinuated hatred and racial intentions coming from those who question the effectiveness of minimum wage increases. So, of course, I worked up a head of steam and created an opinion piece (more than just a letter to the editor) and sent it to a couple newspapers.

Here's my response:

Minimum wage policies should be judged based on achievements, not just good intentions!

Obama is campaigning to legislatively raise the minimum wage across the country. I suspect there’s some sincerity mixed in with some political sleight of hand. We hear much these days about using minimum wage increases in the fight against inequality and poverty. And a recent comment I saw referencing the opposition to minimum wage increases stated: *“Just tell it like it is, you do not like this black man in the White House.”* **Sincere opposition to policies that don’t work isn’t racism, and I’m tired of hearing that it is! Evaluation of any Administration’s policies should be the result of comparing results with original goals, not just good intentions.**

The Administration’s stated goal is to raise the economic well being of the poorest working Americans, and I support that goal!! But to give outright acceptance to minimum wage increases would require one to ignore very important recent information. **Should we ignore these facts?**

- Increases in the minimum wage tend to affect teenagers, and secondary wage earners – NOT the working poor.
- In 2011, almost 37% of people working for minimum wage, or below, were teenagers living at home. Their families had average income of about \$104,000 – that’s in the top 20%.
- Minimum wage earners OVERALL (i.e. not just teenagers), tend NOT to come from poor families. Their average family income is more than \$53,000 per year.

- In 2011, almost 79% of minimum wage earners were NOT living in poverty.
- Minimum wage earners OVERALL tend to be secondary wage earners in the family.
- Workers are not “locked into” minimum wage jobs. Two thirds earn a raise within a year. After that they are demonstrably upwardly mobile.
- Most people are poor because they don’t have full time jobs, or have no job at all.
- Raising the minimum measurably reduces the number of minimum wage jobs available – the unemployed are pushed further away from likely employment.

One point that I consider very important because it demonstrates why the structure of our welfare system makes it virtually impossible to fight poverty with a higher minimum wage:

- Often, if the minimum wage earner is living in poverty, most of any increase in wages might be “given back” because other benefits they are receiving are “means tested.” Higher pay means fewer dollars because there can be a reduction in a person’s other entitlements.

More things we shouldn’t ignore:

- The CBO states that the immediate impact (1-2 years) of the President’s proposed increase will likely reduce job growth by 500,000, possibly more.
- A WSJ survey indicated that 54% of the economists responding were AGAINST the President’s proposal.
- Economist Thomas Sowell refers to the drumbeat of minimum wage proposals as “madness.” He reports that “A survey of American economists found that 90% of them regarded minimum wage laws as increasing the rate of unemployment among low-skilled workers.” He points out there is “an accumulation of evidence over the years of the devastating effects of minimum wage laws on black teenage unemployment rates.”
- The Washington Times reports that economists David Neumark and William Wascher concluded that “the minimum wage leads to economic distortions and often unintended adverse consequences.”

Now on the “stump,” Obama is proclaiming the “one size fits all” progressive philosophy, and recently wrote: “...there’s still only one group of people who can lift wages for the entire country, and that’s Congress.” The government is the only answer, proclaims our leader. How foolish! And remember that the richest sections of the country have 250% higher cost of living than more remote cities. Who is most negatively affected if minimums are raised? Those who need help most!

Consider this by H.L. Menken: ***“For every complex problem there is an answer that is clear, simple, and wrong.”***

The goal is noble, but tinkering with the minimum wage will be futile. Resources are not spent on the task at hand.

(Sources: Individuals and other sources mentioned, Mercatus Center at George Mason University, The Initiative on Global Markets at the University of Chicago’s Booth School of Business, National Center for Policy Analysis, Heritage Foundation, and CATO Institute)