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Negative effects of increasing minimum wage

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[Preethi Sethumadhavan](#) · 21 hours ago 🔗

http://www.washingtonpost.com/opinions/robert-samuelson-obama-uses-fairy-tale-economics-on-minimum-wage/2014/02/23/1247e41a-9b1d-11e3-9080-5d1d87a6d793_story.html

This article discusses the effects of increasing the minimum wage

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[P. Regina Ladson](#) · 16 hours ago 🔗

Try considering pro's & con's, not jut one side. <http://moneymorning.com/2013/12/11/the-surprising-benefits-of-raising-the-minimum-wage/> <http://www.rocklandtimes.com/2013/02/07/the-pros-and-cons-to-upping-minimum-wage/> Reminds me of a benefit resulting from Henry Ford paying all his workers more than other companies: he enabled many of them to buy his cars. Putting more money into the hands of the wealthy few will not stimulate the economy. Having 100,000,000 shoppers spending an extra \$200 each makes a bigger impact. Bottom line: if your customers can't afford to buy your product, you go out of business.

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[+ Comment](#)[Kevin](#) · 14 hours ago 🔗

In general, isn't minimum wage a more microeconomic topic?

My first thoughts on raising the minimum wage is that it seems so forced. Obviously it is. But why? If the workers are worth that price through supply and demand of their skills and labor, then they would be paid that much. However, supply and demand set prices, and wages. Therefore we all get what the current demand is for our services.

Raising minimum wage seems to create the price floor as discussed in the professor's microeconomic course. This is a cause of surpluses. Instead of products, we would have a surplus of workers, which would equal unemployment.

I think this is a fairly good example of bad economics being good politics.

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