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The Case Against A \$15 Minimum Wage

Would you be in favor of a minimum wage increase? If so, would you raise it to \$10, \$15, \$20/hr, or even more? Most Democrats believe in this and most Republicans and Libertarians oppose it. Why is that? In fact, as found from a survey conducted by the Employment Policies Institute, 72% of 166 economists oppose a \$15/hr minimum wage (Phelan). So, the question I will try to answer by the end of this essay is “Does a higher minimum wage end up hurting poor and uneducated people more than it helps?”

To start off, I would like to offer a brief history on the minimum wage in America. A profoundly racist one at that. In 1966, Milton Friedman wrote an op-ed for Newsweek entitled “Minimum Wage Rates.” In it, he argued “that the minimum-wage law is the most anti-Negro law on our statute books.” (Friedman?) Its tumultuous story begins in 1927 on Long Island. Here, a contractor from Alabama won a bid to build a new Veteran’s Bureau hospital. To build the hospital, the contractor hired a crew of black construction workers. Appalled that blacks from the South were working on a federal project in his district, Representative Robert Bacon of Long Island submitted H.R. 17069. This bill was the precursor to the legislation known as the Davis-Bacon Act that was eventually passed into law. The act mandated a minimum wage to any workers on construction projects part of a contract with the U.S. or District of Columbia governments that exceeded \$2,000 (Erase the State). This law was an early precursor to the first minimum wage law which was passed in 1938. Economist Thomas Sowell has written that in 1925, a

minimum wage law was passed in the Canadian province of British Columbia, with the intent and effect of pricing Japanese immigrants out of jobs in the lumbering industry (Erase the State). A minimum wage in its earliest forms was meant to price-out non-white workers from entering the workforce. This is a stark contrast to what proponents of the current \$15/hr minimum wage aim to solve.

The “Fight for \$15” movement is an American political movement advocating for a \$15/hr minimum wage and the overall increase of the earnings of poor people. The Foundation for Economic Education has said that “minimum wage hikes reduce the earnings of low-paid workers.” They back this up with an excerpt from a published paper from Neumark and Wascher saying, “evidence suggests that higher minimum wages tend, on average, to reduce the economic well-being of affected workers.” (Phelan) Another negative effect is seen from early 2018, when Walmart announced a wage hike for over 1 million of its employees. Later that day, Walmart also announced that it had plans to close 63 of their warehouses, laying off thousands in the process. Large mega-corporations like Amazon and Walmart have found very easy ways to innovate around increased wages. These methods include fleets of robot package movers in large warehouses to self-checkout lines. Companies only do this because they view it is cheaper to maintain unpaid robots than it is to pay many workers high wages in addition to other benefits like health insurance and paid leave. I cannot say blame them either. Just the idea of the nearly autonomous Amazon Go store should offend workers and labor unions more than the federal minimum wage.

What I believe a wage to be is a monetary evaluation of a worker’s productivity level. What I mean by that is a worker should be paid by how much they produce, not what some bureaucrats or politicians set it at. To relate that to the job I currently have, making popcorn and cleaning empty theaters for my local Regal Cinema is not worth \$15/hr, rather it is worth \$8.75/hr. If I thought that my labor was not worth what I am being paid, I would work somewhere else. I also do not think a minimum wage should equal what some activists call a living wage. Minimum wage should be an easy

entrance point to the workforce for a teenager or newly immigrated citizen with limited job skills or work experience. A sort of bottom rung on the ladder of economic success.

Many European countries have not had federal minimum wages for decades and alternatively rely on unions to set a wage for a specific industry. For example, the union for food service sets the minimum wage for all food service workers. Though I don't see this as a perfect alternative, I do see it as better than the current system.