

Nickolas Diaz

Kevin Knowles

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Should Minimum Wage be Increased

The minimum wage is the smallest amount an employer has to legally pay to a person who is working for them. Today the federal minimum wage of \$7.25 per hour is not high enough. It has not been keeping up with the times as prices for everything from housing to food. Many workers living in the United States cannot afford to live. When first establishing the minimum wage, Franklin Roosevelt said, "By living wages, I mean more than a subsistence level. I mean wages that can support a decent life" (Investopedia). The minimum wage is to allow workers to have an enjoyable life. But now it allows businesses and employers to pay even less than they are worth. As the federal minimum wage has not increased since 2009. Increasing the minimum wage will be beneficial to the economy and most workers and as there will be a bump in pay. The economy will prosper as the low-wage workers spend more in the economy thus boosting it. The minimum wage should increase to a point where making a minimum wage can give you a decent life like how it was first implemented. As it should be adjusted to inflation.

The main reason for raising the minimum wage is because of how unaffordable the working minimum wage is. Today a full-time minimum-wage worker cannot afford to rent a one-bedroom apartment. In fact "for a two-bedroom rental home in the United States, a full-time worker needs to earn \$25.82 an hour by 2022. And a 40 dollar wage for a two-bedroom apartment in California" (National Housing Coalition). These numbers accounted for everything, from paying for necessities to taxes to transportation. A minimum wage worker in the United

States can't afford the bare necessities of life. For someone to have a basic life they would need to earn over triple the federal minimum wage. People who make minimum wage have to share incomes to afford to live in a society today. Many of them have to live with their parents or family to make ends meet. A huge population of the United States is poor. In fact "At least a quarter of American workers are in low-wage jobs, with 33 million earning less than \$10 per hour. And the number of families living below 200% of the poverty level was 40 percent" (Oxfam Research). The majority of low-wage workers don't have enough money for retirement, education, health food, rent, and mortgage. As it leads them to fall more into debt. To survive, low-income workers have to get a second job, and work overtime. Some have to sell their things, get help from family or friends, and get support from charity to support themselves. As a result of living paycheck to paycheck and not being able to save for the future, low-wage workers have to deal with these issues every day. Upon reaching old age, they will not be able to afford to work and may become homeless as a result of their inability to work. Minimum wage workers are more likely to be minorities. According to the US Bureau of Labor "Women make up 63% of all minimum wage workers. African Americans make up 17.7%, and Hispanics make up 21.5% of the minimum wage workers." Minorities are more likely to get these low-paying jobs because they are less likely to get educated, thus being able to get a more professional job. They could not get an education because they did not have enough money to do so. So the cycle continues for generations not being able to move up the economic ladder. The goal is to finally provide something better for the next generation. The concept of a wage slave is this endless cycle where workers are only able to pay for what they need. They often are never able to spend more on themselves and have no prospects for the future.

Raising the minimum wage won't affect low-wage workers. It will also increase the economy and thus the United States GDP will grow. Even a dollar increase to low-wage workers, "would be roughly 85,000 new jobs created over that period. As a result of a growth in GDP of around \$80 billion" (Economic Policy Institute). This is because it is more likely for low-wage workers to spend extra earned income over high-paid workers to spend more earned income. After all, low-wage workers are more likely to spend a large percentage of their income on necessities. As they need to spend much more of their income on necessities. People who earn high salaries, from corporations, are more likely to save their surplus earnings. People who are better paid are more likely to spend their money on businesses and increase the economy. The United States government would also enjoy it as the better the economy the more revenue it would get. The government would also have to spend less on other programs. According to the Journal of Economics "A \$65.4 billion increase in revenue every year. \$19.4 billion for payroll taxes, \$1.8 billion for Federal taxes, \$12.2 billion for social security, and \$44.2 billion for Medicare and other programs." Having a lower tax rate would allow the US government to cut back on taxes. As a result, spending more money on other programs would be very beneficial. Taxes are also not the only expense there would be less crime. A "minimum wage increase from \$7.25 to \$12 per hour would result in a reduction in crime of 250,000 to 510,000 crimes each year. This would lead to cost savings of \$8 to \$17 billion per year" (Bureau of Economic Research). The main reason why people cause crimes is because of how unaffordable living is. Low-wage workers often feel that they have nothing to lose and commit crimes to keep themselves afloat. If they had more money they would not have a reason to do so as they wouldn't benefit much from crime. Crime is very detrimental to society. There is often lots of damage to be often repaired. More money would be much needed to improve security, thus more

police would be needed in the future. In the end, businesses would lose money. Criminals who are caught must go to trial and are kept in prison, and as a result, contribute less to society. All these things add up making crime very costly to stop, judge and store.

Raising the minimum wage may seem like a good idea, but there are some negative consequences associated with it, like joblessness. The higher a worker is being paid the less money the employer will make. By raising their salary, the employee could put fewer workers on the payroll to keep the same profit. According to the American Exchange Counsel, “if the minimum wage was \$10, it would result in about 500,000 fewer workers employed. But 900,000 more people would be able to escape poverty.” Increasing the minimum wage would result in more pay but in turn more unemployment. For this reason, many employers would prefer to hire lower-level employees as they would like to cut costs. Many practices are already happening such as overworking current employees and outsourcing to other countries with lower wages. Some employers are even replacing workers with machines and artificial intelligence. Customers will also receive the price for the wage increase. As many products produced by minimum wage will increase. “It is estimated that raising wages to \$15 to \$22 per hour would result in a 25 percent increase in prices” (Purdue University). To raise the prices of their products, companies need to keep their profits at a normal level. Yet, companies cannot raise it too high as they will not be able to sell. So they will have to compete with other companies for their prices. The reason that minimum wage workers are paid so little is that they are in very little demand. A wage increase at the lowest skill level cannot justify a wage increase at the highest skill level. As a result, the employees who are skilled in their work will get the pay increases they deserve. While the employees who work the least will lose their jobs. This is good for the people who stay because it will allow them to stay to afford a good living. Not good for

the people who leave to have an opportunity to look for a job. As they need to have more of a demand in the economy like getting harder and more knowledgeable jobs. This is good as it allows low-wage workers to adjust and move up the ladder as more and more low-paying jobs are dwindling. In the past low paying jobs were paid more as they were not as automated and outsourced as today. Raising the minimum wage would make more of a demand for automation and thus create more jobs to solve the problem.

In the end, the federal minimum wage of \$7.25 per hour should be increased to 16 dollars per hour. It should be increased every year to account for inflation. For example, if inflation is 20 percent then the minimum wage should be increased proportionally. This is so that workers keep their value. The minimum wage should increase slowly to 16 dollars an hour to not cause much chaos in the economy. The wage increase will allow low-wage workers to afford a decent living and reduce the wealth gap in minorities. It will also save the government \$65.4 billion per year. The cost of crimes will be reduced by \$8 to \$17 billion per year. A three-dollar increase would allow about 900,000 people to escape poverty but 500,000 more people will be unemployed. Prices would increase by around 25 percent. If you are a skilled employee, you will receive a pay increase to reflect what you deserve, while worse employees will be laid off. But as minimum wages rise, there will be more demand for automation, which will create more jobs.

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