



Collusion Against Our Youth

I've grown somewhat weary writing about the devastating effects of minimum wage laws but The Wall Street Journal's "Black Youths Miss Out on Good Job News," (Dec. 4, 2009) warrants another try. Today's overall teenage (16-19) unemployment rate, at 25 percent, is the highest since World War II. Black teenage unemployment, at 50 percent, is also the highest since World War II.

How do you think the Reverends Jackson and Sharpton would explain the unemployment difference between black and white teens? You can bet the rent money they would say: It's racial discrimination. Let's investigate. Was racial discrimination in 1948 greater or less than racial discrimination today? In 1948, the unemployment rate for white 16-17 year olds was 10.2 percent while that for blacks was 9.4 percent. Among white 18-19 year-olds, unemployment was 9.4 percent and for blacks it was 10.5 percent. During that period, not only were the unemployment rates similar, black teenagers were either equally as active as whites in the labor force or more so.

According to the widely shared Jackson/Sharpton vision of the world, racial discrimination must have been less during the late 1940s than it is today. In fact, as early as 1900, blacks as a group were more active in the labor market, a statistic known in economics as labor force participation rate, than whites. This was true up until the late 1950s. Anyone with one ounce of brains would reject the argument that less racial discrimination accounts for the lower black teen unemployment rate and greater labor force participation during earlier periods.

So what might help to explain? The major villain is the minimum wage law. With each increase in the minimum wage, black teen unemployment rose relative to whites and teen unemployment rose relative to adult. Why? Put yourself in the place of an employer and ask: If I must pay to whomever I hire \$7.25 an hour, plus mandated fringes such as Social Security, vacation, health insurance, unemployment insurance, does it pay me to hire a worker who is so unfortunate so as to have a skill level that allows him to contribute only \$5 worth of value an hour? Most employers would view hiring such a person a losing economic proposition. Therefore, the primary effect of a minimum wage law is that of discrimination against the employment of low-skilled workers.

Teenagers tend to be low skilled. They lack the experience, knowledge and maturity of adults. That means they will be the primary victims of a minimum wage law. But why are black teens more heavily impacted than white teens? Black teens are far more likely to come from broken homes and attend some of the worst schools in the nation. Therefore, a law that discriminates against the employment of low-skilled workers will have a greater impact on black workers. Moreover, the minimum wage subsidizes racial discrimination. After all, if you must pay \$7.25 an hour to whomever you hire, you might as well hire people you like the most, even if they are of identical skill.

The little bit of money a kid could earn after school and on the weekends is not nearly as important as the other benefits from early work experiences. Any kind of job, paying any wage, teaches a youngster that he must be on time, respect supervisors, develop good work habits, plus there's the self-esteem and pride that comes from being at least financially semi-independent. Early work experiences benefit any kid but are far more important for kids from broken homes, who reside in crime-ridden neighborhoods and attend rotten schools. If they are to learn anything that will make them a more valuable employee in the future, it will have to come from work; they won't learn it at home or in the schools. For Congress to enact higher and higher minimum wages, to benefit their union supporters, is shameful and cruel.



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