Destroying Jobs Via Wage Diktats.

"Of course, nothing helps families make ends meet like higher wages," President Barack Obama said in his State of the Union address on January 20, 2015.

But rather than those higher wages being produced in the free market by way of higher productivity, better education, improvements in products and services, higher sales volumes, better efficiencies, improved U.S. competitiveness, and expanded American exports, Obama called for a quicker and more centrally planned solution to deal with income stagnation, low wages, and economic inequality.

"And to everyone in this Congress who still refuses to raise the minimum wage, I say this: If you truly believe you could work full-time and support a family on less than $15,000 a year, try it," Obama said. "If not, vote to give millions of the hardest-working people in America a raise."

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Eleven months before Obama called for that hike in the minimum wage, the nonpartisan Congressional Budget Office (CBO), the federal agency that provides Congress with independent analyses for budget and economic decisions, issued a report on Feb. 18, 2014, on the employment impact of mandating a hike in the minimum wage.

The CBO's report stated, rather obviously, that "raising the minimum wage would increase family income for many low-wage workers, moving some of them out of poverty." Conversely, the CBO also pointed to the negative effects on low-wage workers and families of raising the minimum wage: "Some jobs for low-wage workers would probably be eliminated, the income of most workers who became jobless would fall substantially, and the share of low-wage workers who were employed would fall slightly."

The CBO examined the effect on jobs and family income based on two minimum wage options on the table: a $10.10 option that would increase the minimum wage from $7.25 in three steps in 2014, 2015 and 2016, and then automatically adjust the wage annually for inflation, utilizing the Consumer Price Index, and a $9 option that would raise the minimum wage to that amount in two steps, in 2015 and 2016, and thereafter *not* automatically raise the wage to match inflation.

Initially Obama called on Congress to raise the minimum wage to $9 but later supported efforts of Senate Democrats advocating an increase to $10.10, while others were moving to calling for a $15 minimum per hour.

The CBO study projected the effect of the $10.10 option: "Once fully implemented, in 2016, the $10.10 option would reduce total employment by about 500,000 workers" — or produce, on the high end of CBO's forecast, "a reduction in employment of 1.0 million workers."

Additionally, the CBO reported that "the increased earnings for some workers would be accompanied by reductions in real (inflation-adjusted) income for the people who became jobless because of the minimum wage increase, for business owners, and for consumers facing higher prices."

The CBO, similarly, projected the impact of the smaller minimum wage increase: "The $9 option would reduce employment by about 100,000 workers." The analysis also predicted "a two-thirds chance" that a minimum wage hike to $9 would trigger "a reduction in employment of 200,000 workers."

Contrary to Obama's State of the Union claim, nothing helps families make ends meet like a secure job — one that isn't destroyed by the government.

Responding to the above information, an insightful and knowledgeable acquaintance of mine, quite astute regarding the interface between business and politics, commented as follows: "For the Democrats, raising the minimum wage is a win-win. The minimum wage earners who manage to remain employed become loyal constituents, thinking the Democrats have bestowed some goodness upon them and/or put the screws to the boss. Those who lose their jobs blame their employer, get on assistance and become loyal Democrat voters to ensure the WICK, ACCESS, Medicaid, Obama-phones, and other goodies keep coming their way. Insidious."

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