



## Let Capitalism Decide the Minimum Wage

Such an approach would not be without controversy, for most people nowadays seem to have a very misguided concept of labor, perceiving it to be a right and not a privilege. They overlook, or fail to understand, that employment is in itself a very basic economic transaction. It is no different than making a purchase at a grocery store. It's a simple trade — one where the worker willingly gives to his employer, in exchange for monetary and benefit compensation, the use of his physical and mental services. As with any economic activity, either party can prevent ongoing transactions, whether such termination is based on dissatisfaction with what the exchange garners or on the influence of supply and demand in the micro- and macro-markets.



Those factors pit employer against employer in an openly free market when it comes to the acquisition of satisfactory or superior human talent. To be successful in the labor market, just as in the marketplace for goods and services, a business must offer to its target a package that makes it attractive to that party. In this case, the target is the potential worker and, if a business hopes to secure a good workforce, the employer must offer a wage rate and benefits package (insurance, vacations, etc.) that makes his offer competitive within the geographical region or the specific job sector (manufacturing, food service, healthcare, retail, etc).

Over time, competition collectively creates higher wages and better working conditions because employers must provide average or better wages and working conditions in order to be successful at the next level of the economic equation — the end product. If a business does not pay a wage commensurate to that of neighboring employers, the end product (be it goods or services) will suffer because the employees acquired at the lower wages are often outliers of young age or workers with suspect work ethic who were unemployable — or not sustainably employable — or unmotivated to excel in their duties. Poor quality of work can subsequently harm the health of that business — often irreparably — because customers are dissatisfied with their purchase.

Under capitalism the strong survive (and that's why it's far and away the very best economic system ever created).

Ironically, the minimum wage acts as a disincentive to higher wages. Many employers in low-return, low-cost sectors (like fast food or packing) have no reason to compete for workers by increasing wages or bettering work conditions because they know exactly what their competitors are paying: the legal minimum wage. It gives them a sense of certainty and a comfort level that keeps whole industries at or near the bottom salary.



Written by [Robert Confer](#) on February 14, 2012

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Likewise, employees know that the minimum wage will provide a basic level of income, and they don't strive to be competitive, either to get raises from their employers to seek higher wages elsewhere. As long as the state or the federal government guarantee them a steady — and often growing — income level with minimal betterment of self or the attempted attainment of a better, harder job with greater responsibility and earnings, they'll skate by on the government's forced benevolence. Take away the crutch, and they'll be forced to improve themselves.

Simply put, the minimum wage is destructive to the economy in the long-term by eliminating competition from the acquisition of employment by workers and the businesses that pay them. It ultimately creates an overall lower wage by cancelling out the productive nature of capitalism that forces participants to be the best they can be. If companies were left to do their own thing — and whole classes of the workforce were properly motivated — one can logically assume the actual minimum wage would exceed the government's \$7.25 standard.



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