



Minimum Wage Cruelty

Which allows an American Samoan worker to have a higher standard of living: being employed at \$3.26 per hour or unemployed at a wage scheduled to annually increase by 50 cents until it reaches federally mandated wages at \$7.25? You say, "Williams, that's a stupid question. Who would support people being unemployed at \$7.25 an hour over being employed at \$3.26 an hour?" That's precisely the outcome of Congress' 2007 increases in the minimum wage. Chicken of the Sea International moved its operation from Samoa to a highly automated cannery plant in Lyon, Georgia. That resulted in roughly 2,000 jobs lost in Samoa and a gain of 200 jobs in Georgia.



Given Samoa's low cost of living, \$3.26 provided Samoan workers a higher standard of living than some of their neighbors on other islands. Now these workers are unemployed. What's worse is that Starkist, Chicken of the Sea's competitor, might leave the island as well. If that happens, increases in the minimum wage will have cost more than 8,000 jobs in Samoa's canneries and related industries; that's nearly half of its labor force. Samoan standard of living will be further reduced by the increased cost of goods it imports. Ships delivering goods from the United States and elsewhere to Samoa will not have as much cargo on their return trips, making shipping a costlier proposition.

Cannery jobs flourished in Samoa because of its location and it was one of the few American territories exempted from the minimum wage. Even the proposed 2007 increases in the minimum wage exempted Samoa. Since Del Monte, Starkist's parent company, is headquartered in Speaker Pelosi's San Francisco district and Chicken of the Sea is based in Southern California, Republicans had a field day suggesting that Pelosi's calling for Samoa to be exempted from the increases in the minimum wage reflected political payoffs and a conflict of interest. I thought that as well, as suggested in my May 9, 2007 column, but exempting American Samoa from minimum wage increases would have been the most compassionate act, short of minimum wage repeal.

The unemployment effect of minimum wages isn't restricted to American Samoa but to the mainland United States as well. Overall teenage unemployment stands at a record 25 percent while adult unemployment hovers around 10 percent. Also at a record high is the 50 percent unemployment rate among black teenage males. One might ask why teen unemployment, particularly that among black teens, is so much higher than adult unemployment. The answer is simple. One effect of a minimum wage law is that of discrimination against the employment of less-preferred workers. Within the category of less-preferred workers are those with low skills. Teens are disproportionately represented among such workers and are therefore more adversely affected by minimum wages. Black teens are disproportionately represented among teens with low skills and therefore share a greater burden of minimum wages.



Written by [Gregory Hession](#) on April 14, 2010

One of the more insidious effects of minimum wages is that it lowers the cost of racial discrimination; in fact, minimum wage laws are one of the most effective tools in the arsenals of racists everywhere, as demonstrated by just a couple of examples. During South Africa's apartheid era, its racist unions were the major supporters of minimum wages for blacks. South Africa's Wage Board said, "The method would be to fix a minimum rate for an occupation or craft so high that no Native would likely be employed." In the United States, in the aftermath of a strike by the Brotherhood of Locomotive Firemen, when the arbitration board decreed that blacks and whites were to be paid equal wages, the white unionists expressed their delight saying, "If this course of action is followed by the company and the incentive for employing the Negro thus removed, the strike will not have been in vain."

Tragically, minimum wages have the unquestioned support of good-hearted, well-meaning people with little understanding who become the useful idiots of charlatans, quacks, and racists.

Walter E. Williams is a professor of economics at George Mason University.

COPYRIGHT 2009 CREATORS.COM

Please contact your local newspaper editor if you want to see the Walter Williams column in your hometown paper.



Subscribe to the New American

Get exclusive digital access to the most informative,
non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



Subscribe

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.