



Written by [Selwyn Duke](#) on January 24, 2021

## Biden's \$15 Minimum Wage Reflects Minimal Thinking

Would you rather have some jobs available at \$10 an hour — or no jobs available at \$15 an hour?

Another question: Would you prefer that your 17-year-old get work experience he wants at \$8 an hour, or that he loses out to a 23-year-old because employers have to pay \$15?

These questions are especially relevant now, since Joe Biden “is expected [to introduce his proposal to raise the federal hourly minimum wage](#), which has been stuck at \$7.25 since 2009,” [writes](#) NBC News. “Biden will begin the process by requiring that everyone working for the federal government be paid a minimum of \$15 an hour.”



Photo: andriano\_cz/iStock/Getty Images Plus

The proposal may be relatively popular, as an “August survey found that 72 percent of Americans — including 62 percent of Republicans and 87 percent of Democrats — said the minimum wage should be high enough to keep full-time workers above the poverty line,” NBC also reports.

Of course, no one wants fellow Americans wallowing in poverty. But is a higher minimum wage an effective remedy?

Addressing this, City Journal [writes](#) that according to the Congressional Budget Office, a \$15 minimum wage “would increase the income of about 7 million employees at the low end of the wage scale, at least at first. But it would also immediately cost 1.3 million other low-end employees their jobs.”

The Journal continues:

The reasons for this are well understood. Prices in a free market are set by supply and demand. A commodity's price is where supply and demand stand in equilibrium. The medieval fantasy of a “just price” — which a mandated minimum wage implies — is just that, a fantasy. If government sets a price above the free-market price — such as a minimum wage — supply will increase, but demand will drop.

In other words, it's a fluid situation. Increase labor's costs and employers compensate by reducing staff and, in certain cases, when the economic pressure becomes untenable, closing down. This can collapse government revenue, too, since shuttered shops and unemployed people don't pay taxes.

Businesses also can and do automate, something becoming even more attractive with burgeoning artificial intelligence. We've already seen “Flippy” the [fast-food robot](#) and computerized, self-checkout supermarket aisles; and [self-driving trucks](#) are slated to enter service during the next few years.

In fact, studies show that a third of workers could [lose their jobs](#) to automation by 2030. A higher



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minimum wage accelerates this process.

## They're Not [Jean Valjean](#)

Contrary to myth, few sole or primary breadwinners rely on the minimum wage. First, only “about 2.3 percent of employed Americans earn the minimum wage,” the Journal informs. “The industry with the highest number of such workers is leisure and hospitality, where many workers also earn tips, which constitute a substantial part of their income.”

Moreover, “very few minimum-wage earners are heads of households, and only about 1 percent of them are married. Half are under 25,” the site further relates. “Indeed, the typical minimum-wage worker is a high school student earning money after classes, or a retired person who doesn’t want to sit home all day. At the end of his ... shift, the average minimum-wage earner goes home to a family that earns income at or near the country’s median: \$68,000 a year in 2019.”

These are the kind of people low-wage jobs are meant for — and you rob them of such work opportunities with a high minimum wage. This has sometimes not just been a bug, do note, but a feature of minimum wage laws.

As late economics professor Walter E. Williams [wrote](#) in 2017, relating the early history of such measures, “During South Africa’s apartheid era, racist unions, which would never accept a black member, were the major supporters of minimum wages for blacks. In 1925, the South African Economic and Wage Commission said, “The method would be to fix a minimum rate for an occupation or craft so high that no Native would be likely to be employed.”” Williams also presented corresponding examples from the United States.

Minimum wage laws today have the same effect: They price less desirable workers out of the market. If, for instance, employers must pay \$15 hourly and can hire at that rate an experienced, more mature 23-year-old just as easily as a green 17-year-old, whom do you think they’ll usually choose?

This matters because work isn’t just an issue of “making money” (though that’s generally integral). It also provides youths a chance to gain job experience; develop skills; and, most importantly, *build character*.

The sayings “Busy hands are happy hands,” “Work ennobles man,” and “An idle mind is the Devil’s workshop” attest to this reality. Thus, by ensuring more teens will be idle and on the streets, minimum wage laws hurt youth in one the deepest ways possible.

As for a federal minimum wage, not only is it unconstitutional, it also ignores regional differences. The cost of living — and what employers can afford to pay — it notably higher in Greenwich, Connecticut, than in Bartow, West Virginia. So applying a one-size-fits-all minimum wage is as silly as mandating as many traffic lights per square mile in [Mayberry](#) as in Gotham.

Delving even deeper, can you arbitrarily increase a worker’s “value” in a market system? Consider a pizza delivery man earning \$8 an hour and a neurosurgeon commanding \$800 an hour. Significant here is not that the market deems the latter’s labor as worth \$792 more, but that, according to the market, his work is *100 times* as valuable.

The implications: If the pay of the pizza man and other low-skilled workers is increased across the board via minimum wage laws to \$15 an hour, businesses’ costs increase. This leads to rising prices, which affect every endeavor.

Thus, over time, might the neurosurgeon’s wages not increase to \$1,500 an hour so that they’re once



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again 100 times the pizza man's? After all, laws can't change the two workers' *relative market value*.

I'm not saying it's always that cut-and-dried, but it's an important point to consider. The only real way for the pizza man to increase his work's *inherent* value is for him to develop new and better skills, which he cannot do if he is unemployed.

While all this is logical, however, it's meaningless to those with ulterior motives. As to this, Democrats derive most of their votes from the poor and the rich, not the upwardly mobile in-between — and minimum wage laws minimize upward mobility, points out City Journal.

Moreover, the Democrats are beholden to special interest groups such as unions, and unions agitate for a higher minimum wage. And this because they care oh-so much, right? Unlikely.

Rather, know that wages in labor contracts are often set as multiples of the minimum wage. "Get Congress to raise the minimum wage, and many well-paid labor union members get a raise too, without having to bargain for it," writes the Journal. Does it all now make more sense?

So Democrats claim to care about the little guy, and they're proving it, too: They're making sure that most of us stay as little as possible.



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