



Written by [Bob Adelman](#) on July 19, 2019

Democrats' \$15 Minimum Wage Bill Ignores Economic, Political Reality

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House Speaker Nancy Pelosi [rejoiced](#) following passage of the Democrats' Raise the Wage bill on Thursday, which would raise the Federal Minimum Wage to \$15 an hour by 2025: "This is an historic day. Today we wake up for a day of jubilation because of the sense of fairness this legislation engenders. We wake up with a smile on our face[s], showing the world with all the love in our hearts, and that love in our hearts is about fairness for the American people."



She failed to mention the people who would be treated unfairly if the Senate agrees and the president signs it into law. *The New American* reviewed what the Congressional Budget Office (CBO) thought of the proposed legislation: "For most low-wage workers, earnings and family income would increase, which would lift some families out of poverty. But other low-wage workers would become jobless, and their family income would fall — in some cases below the poverty level."

Those low-wage workers mostly at risk presently hold positions primarily in the service industry: restaurants, bars, hotels, retail stockers, and cashiers. Once their employers are required to pay them more than they currently are worth, they will be jobless. So much for being fair.

And how about those just entering the workforce with few if any marketable skills? What business owner would hire someone who isn't worth \$15 an hour? Worse, the cost to that business owner is much higher than just the "new, improved" hourly wage mandated by Congress. Add on the additional overhead costs such as insurance, Social Security, benefits, training, office supplies, and so on, and the cost to a business owner approaches \$40,000 a year. What brand-new employee without skills can justify that kind of expense to a business owner? So he or she too goes without a job: another example of Pelosi's "fairness." So much for federally mandated love of neighbor, through force.

The CBO also revealed that, if passed into law, the new higher minimum wage would redistribute income — a favorite Democrat ploy — to low-wage workers in the amount of an estimated \$8 billion a year at the expense of business owners and higher-wage workers, who would see their incomes and standards of living fall by \$16 billion. Business owners would sustain higher labor costs, which they would be forced to pass on to customers through higher prices. As a result, those still with jobs will see their costs of living increase. So much for fairness and love of neighbor, through force.

Not only would the new law violate the Constitution (search Article I, Section 8 in vain for any powers granted to the federal government by the states to set minimum wages in the country), it would also



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violate the right of an individual to sell his most precious asset — his time and energy — to the highest bidder. It also deprives an individual of the right to work for less than \$15 even if he would welcome doing so.

Rachel Greszler, a senior policy analyst at the Heritage Foundation, summed up the economic unfairness of the bill: “A \$15 federal minimum wage would create a survival-of-the-fittest labor market, boosting the incomes of some and devastating the incomes and opportunities of others. Hardest-hit would be individuals with little experience: women, minorities, and those with disabilities, an inability to speak English, or with a criminal record. America is supposed to be a land of opportunity, not one that shuts the door on anyone who cannot [justify being paid] \$15 per hour — the equivalent of more than \$38,000 in total compensation costs for an employer.”

Representative Virginia Foxx (R-N.C.), who voted against passage of the bill, said, “The bill hits families and businesses hard. To pay for the artificially higher wages this bill mandates, job creators [i.e., primarily small business owners] are forced to reduce workers’ hours, eliminate jobs, increase automation, or close their doors for good.”

Pelosi also failed to mention the political “reality” surrounding her attempt as leader of the Democrat-controlled House to make things better for everyone by stealing from some and giving to others. The bill won’t even be considered by the Senate. And even if it were, and even if it were passed, the president has already declared that he would veto it. He has clearly said that, through his Tax Cuts and Jobs Act, he has “already raised the minimum wage.”

In sum then, the move to raise wages through federal edict is an exercise in futility. It’s more of a political position statement that Pelosi hopes to hang around the neck of the president next year during his reelection campaign. It’s a declaration of defiance of the laws of economics. It rebuffs efforts by organizations such as the National Federation of Independent Businesses (NFIB), which mounted a massive campaign of e-mails and telephone calls and in-person visits to explain why it would be bad for the very businesses that generate most of the new job growth in the country.

Passage is a declaration of ignorance by people who should know better.

Since the bill “stages” in the increase incrementally over the next several years until full implementation by 2025, it hides the worst effects by stretching them out over time. It also fails to address the question “Why \$15?” Why not \$100, and make everyone rich?

Pelosi didn’t need the help of Republicans to pass the bill, but she got some anyway. Representatives Brian Fitzpatrick of Pennsylvania, Francis Rooney of Florida, and Chris Smith of New Jersey fled common sense by joining the Democrats in passing it.

A final point needs to be addressed: The bill, if somehow it became law, is irrelevant. The present free market is already raising wages without federal intervention (the federal minimum wage of \$7.25 was mandated in 2009) and the economic recovery has been setting records ever since. Three of the country’s largest employers are already paying well above that rate. Amazon raised its own internal minimum wage to \$15 an hour last October. Target raised its internal minimum wage to \$13 in April with plans to hit \$15 an hour by the end of next year. And Walmart’s more than one million American workers are already making an average of \$14.25 an hour. All without federal mandates, threats or intervention.

Pelosi’s expressed “love in her heart,” her “sense of fairness,” and the smile on her face should celebrate the amazing market economy that raises wages automatically as workers become more



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valuable to their employers on their own. Instead, she celebrates a political intervention that is economically unsound, politically unwise, and largely irrelevant.

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