



I'll Gladly Cost You Your Job On Tuesday For My Pay Raise Today

Published on *Show-Me Institute* (<https://showmeinstitute.org>)



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On Aug. 29, hundreds of [fast-food workers in dozens of cities across the United States \(including Saint Louis\)](#) walked off their jobs in protest. The focus of their discontent is the minimum wage, currently \$7.25. Arguing that this wage simply isn't enough, they demand that their employers increase the entry-level wage to \$15.

Economists of all stripes recognize the impacts that imposing such a wage on these employers would have. Most notably, it would reduce the number of jobs available for entry-level, unskilled workers. Dean Baker, co-director of the Center for Economic and Policy Research, a left-leaning think tank that labor unions partly fund, [noted on NPR's Marketplace](#), "I'm sure you would see a lot of jobs lost." Even a liberal economist agrees: Raising wages above that which market forces determine is [a recipe for job loss](#).

How do Baker and others of similar views assuage their conscience at this prospect? When a hypothetical job loss of 20 to 30 percent was suggested, Baker responded that the remaining workers would "take home twice as much pay. They're still way better off." However, at the higher, artificial wage, fast-food employers will sensibly opt to keep the most productive workers. For the rest, well, they'll just have to find employment elsewhere or be driven to rely on government assistance.

This episode and liberal support for it [recalls an argument that economist John Stuart Mill made almost 150 years ago](#) . Mill staunchly supported the rise of Unionism in England. Mill viewed union workers as the best representatives of the “upright and public spirited working man.” Mill argued that by excluding the “ignorant and untrained” part of the working class, unions benefited society. He believed that “We do them [the unskilled masses] no wrong by intrenching ourselves behind a barrier, to exclude those who competition would bring down our wages, without more than momentarily raising theirs.” Unions, in other words, would drive the unskilled and poor to the wall, reducing their numbers. And with a smaller labor force, there would be no downward pressure on wages overall.

Haven't we learned anything over the past 150 years? Mill was just as wrong then as supporters of raising the minimum wage or mandating living wages are today. If everyone agrees that imposing wages that exceed those based on mutually beneficial decisions of workers and employers alike leads to increased unemployment for those who need work the most — the poor and the unskilled — how can responsible civic leaders call for further increases in the minimum wage?

About the Author



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