

MINIMUM WAGE

D: Sure, people today are finding jobs, but they are entry-level, low-paying jobs. The government has not raised the minimum wage in so long that hard-working Americans suffer under proportionally unfair wages.

R: Wages rose by 4.6% in 2006's second quarter alone—the fastest quarterly pace since 1997. When unemployment rates are low and the labor market gets tight, employers are willing to pay more for scarce talent, thereby naturally driving up wages. Since President Bush's economy is booming—thanks to tax cuts at a variety of levels—business profits and productivity are growing, which additionally influence wage gains. In the end, a healthy economy will engender wage increases as well.

According to the Treasury Department, since March 2001 there has been a 7.4% gain in total worker compensation (wages plus benefits) *after inflation*.

D: Republicans have resisted for years, but Congress must now intervene and pass a law to raise the minimum wage. This is another example of Republicans' exclusive interest in the wealthy: that they have allowed the minimum wage to remain too low.

R: The market naturally pushes wages upward without the constant interference of law. Each year fewer workers earn the federal minimum wage. In 1980, over 15% of hourly paid workers earned the federal minimum wage, while in 2005 only 2.5% of hourly paid workers earned the federal minimum wage.

D: There is no significant downside to raising the minimum wage—it undoubtedly helps hard-working Americans.

R: Actually, wages affect employment. Proponents of a higher and higher minimum wage argue that raising the minimum wage will not affect employment. But in the real world, even the most novice businessman will assure you that quickly-increased labor costs unrelated to business conditions will encourage or force employers to fire employees, reduce working hours for existing employees, and/or postpone plans to hire additional employees.

For example, the minimum wage is anti-free market. The minimum wage prevents an employer and a potential employee from making free-market labor negotiations. An employer may want to pay an enter-level employee 20 cents below minimum wage, and a potential employee might agree to that wage (because it may be better than having no job at all), but the federal government does not allow it. This government intervention in private markets harms employers and workers.



D: Raising the minimum wage is a partisan issue which Republicans oppose because of their favoritism toward benefiting the wealthy.

R: For the reasons above and others, frequent minimum wage increases are opposed by a diverse coalition. For example:

- National restaurant Association
- U.S. Chamber of Commerce
- National Federation of Independent Business
- National Association of Convenience Stores
- American Hotel and Lodging Association
- International Association of Amusement Parks and Attractions
- International Foodservice Distributors Association
- National Association of Chain Drug Stores
- National Association of Manufacturers
- National Association of Theatre Owners
- National Council of Agriculture Employers
- National Grocers Association
- Small Business & Entrepreneurship Council
- Society of American Florists

Sources for the above information are courtesy of the Republican Study Committee, the Department of Labor, Congressional Research Service, Senate Republican policy Committee, and the Coalition for Job Opportunities.

