

Raising the minimum wage essays example

[Literature](#), [Russian Literature](#)



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Introduction:

In today's modern economy, a decent wage is an important part of the social fabric and makeup of the said economy. There is a substantial debate going on whether this wage should be raised since it currently stands at just \$7 an hour in the United States although some states have already passed certain measures to increase this wage. New Jersey has been one of the first states to raise the minimum wage from \$7 to \$8. 25 an hour, and this has also been indexed to inflation to avoid shocks to the economy. There are other states such as Washington where the minimum wage is already quite high; here it stands at \$9. 19 an hour while there are proposals to raise it to at least \$15 for those people who work in businesses that are related to airports. So as one can see, the variations in the minimum wage are quite large with 18 states already paying higher wages than what is the standard federal rate. President Obama has come up with the idea that the minimum wage should be raised across the board but the Republicans in Congress are against this idea and are fighting tooth and nail to have it blocked.

Pros

There are countless arguments for and against the raising of the minimum wage. Let's begin with the positives first. Liberals and campaigners for social justice content that the raising of the minimum wage will allow those who are currently in poverty to be able to afford a little more in terms of disposable income. They content that to make ends meet, the minimum wage has to rise by at least 25 per cent since the cost of living is rising at a constant level and living decently has become even more difficult. If one had to take a basic minimum wage in the United States, this would be around \$1200 a month; this is certainly not enough in some states where the standard of living is extremely high. If the wage would rise to the rate proposed by the President, that is \$10 an hour, the total brought in by a worker would be closer to \$1700 in a month, a difference of almost \$500 and this would mean a vast difference for the standard of living of a normal family. Liberals also argue that a decent minimum wage will allow workers to come out of the 'black' economy where several currently stay to avoid paying taxes or National Insurance contributions. Workers in several large companies have also been staging protests around the country asking for a living wage of \$15 an hour that would be quite a substantial shock to the economy since this would mean a minimum wage of over \$2400 a month, a pretty high figure that is certainly not going to be accepted by the right wingers and conservatives. With unemployment at a relatively high figure of 7.2 per cent according to the last figures, the situation seems to be getting worse for those who have not had a hope of finding employment. Again, the liberals will argue that raising the minimum wage will attract those who are

currently unable to find good paying jobs to move to occupations that are perhaps less suited to them initially. Another problem is that although the unemployment rate has come down from its high of 10 per cent that was reached in October 2009, the wage competition is still very low and there are not enough jobs going around, ensuring that the completion for labour is good enough.

Abuse is also quite rampant in some businesses that employ immigrants for extremely low wages – these usually vary between \$4 and \$5 an hour in various establishments on the Upper East Side of New York. Liberals and campaigners for social justice will argue that a national minimum wage at a decent level will eliminate much of the abuse that currently goes on at such establishments.

Against

The right wing columnists and politicians are up in arms against a proposed rise in the minimum wage. They are claiming that this will definitely hurt the economy, since it is still vulnerable after the terrible crashes of 2008 and 2009 with the prospects of a recovery even dimmer now. They content that any rise in the minimum wage would result in a massive shedding of workers with companies also going bust due to low competition, with other low labour cost countries such as China and India. Right wing economists continue to argue that we have lost a substantial number of industries and jobs to these low paying economies and that the situation would be far worse if we allowed the minimum wage to rise.

Discussion

An excellent study by David Neumark¹ and William L. Wascher from the University of California concludes that an increase in the minimum wage reduces the chances of employment for those on low wages, this is further grist to the mill of those conservatives who are constantly hollering about the severe effects on the country's economy if the minimum wage were to be increased. This point is also argued at length in a paper prepared by Joseph Sabia for the Employment Policies Institute (a conservative think-tank) where the raising of the minimum wage is described as ' an inconvenient truth' for all those who think that this will be beneficial to the economy.

One has to argue that there are several unintended consequences of a higher minimum wage. Although there is substantial evidence that higher wages are good for turnover, there are productivity issues that have to be taken into account. It is also a known fact that higher wages have the tendency to attract more productive workers while those on a minimum wage are largely unskilled and without much hope of improving their lot. Workers who have far more access to good paying jobs could be those who are taking the jobs away from the minimum wage earners.

Although many minimum-wage workers are entitled to spread out their income tax credit over the year, several have a difficult time doing this and cannot obviously employ accountants to do this. The case for increasing the minimum wage is simply based on dignity, one has to pay a decent wage for a decent day's work. Thus, the raising of the minimum wage is crucial and important for the dignity of any worker to be able to survive in today's day and age.

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