

Labor market and minimum wage



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Your first and sur Your Due Labor Market and Minimum Wage Setting up of a minimum wage standard by any government has huge impact on the country's labor market accompanied by international repercussions due to the current trends in international migratory workforce and globalization.

There is evidence that the employment effects of minimum wages are variable across countries (Neumark & Wascher, 2003) depending upon their socio economic and political environment. According to the authors two factors have significant effects on the disemployment situation in a country. In countries with subminimum wage provisions for their youth the disemployment effects are smaller, and in countries where labor market is regulated the minimum wage standards have the least impact on disemployment (Neumark & Wascher, 2003).

Labor demand in the present era is determined by the rapid changes in technology which have placed more emphasis on increasing productivity by dependence on computerization and software rather than the human workforce. This might present an inference that the average labor requirement will decrease as the industries become increasingly technology driven. However this is not true as the change will only be in the quality and not the quantum of workforce, as human input will be needed to run such technologies.

Any increase in minimum wage usually affects the employment pattern of a country in a negative manner. The most affected are the younger workforce who usually work on much less wages and therefore become unemployed.

The usual analysis of the effects of fixing a minimum wage were usually done by using a 'time-series' method where the impacts were studied over a specific period. However the approach misses on some aspects like the

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relation of data to other contributing factors such as recession and other labor market policies. A cross sectional data analysis approach was therefore preferable to arrive at a more pertinent and accurate conclusion ((Neumark & Wascher, 2003). The authors' analysis suggested that other factors contributed much more towards unemployment rather than the fixing of a higher minimum wage alone. Recession was cited as one of the prime factors affecting employment patterns.

Any increase in the minimum wages makes employment seem more attractive than studies to those in late teens and thereby disturbs the equilibrium. However with the latest trend of changes in the labor market from traditional industries like production and manufacturing to more sophisticated ones like the service industry and those involving technical knowhow like computers and software controlled operations, which are more technical in nature, can affect the employment pattern as basic technical know-how will be essential to fill the gap. Thus better educated migrants may be more equipped in terms of their education to handle such jobs. Younger generation of workers will therefore be at a disadvantage and this factor can thus contribute to unemployment. Moreover today's information technology has already affected the labor market by outsourcing labor intensive software jobs to foreign countries, where the people are willing to work for much less than the average US citizen who is aware of his rights and will not compromise on them.

As life expectancy rises in the US, the labor demand pattern will change gradually as more and more elder citizens will be the major component in the population (Jorgensen et al, 2007). This will reflect in a changed demographic pattern in labor requirement which will be unaffected by the

minimum wages factor.

Thus minimum wage laws benefit some workers at the expense of others but are not the only determinant of unemployment as other factors like recession and the changes in socio economic scene in the country including the time factor have important bearings on the overall scenario. There is definitely a shift in the labor demand from production and manufacturing industries to the ones which are more concerned with improving the overall efficiency by employing the latest productivity enhancing measures. Thus more emphasis on quality labor rather than the quantity factor is a major determinant of labor requirement in the present economic environment. This can definitely influence opening up of job avenues to better qualified labor from outside the country and encourage undocumented immigration.

Works Cited

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