

Business law

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BUSINESS LAW In the debate about minimum wage, President Obama said that the congress should raise the federal wage from \$7.25 an hour to \$10.10 an hour. In the debate, poverty was defined by an annual income below \$11,670 of a person living alone and below \$23,850 in a family of four (Kosters, 1996).

I do not believe that the federal minimum wage should be increased. Reason being, raising wages will lead to massive unemployment. A lot of people will lose their jobs in order to cater for increment in wages. It could as well lead to replacing of employees with computers. Loss of jobs does not go hand in hand with employment law that states that employees should not be terminated without a reasonable cause. When people lose their jobs, it means that they will live below the poverty line. The government therefore will not have attained its objective of poverty reduction because as others earn more, others lose.

Another reason why the minimum wage should not be raised is that low wage workers will lack the incentive to educate themselves further. When workers are paid more, they will lack the motivation to enroll in colleges and further their education. It therefore means that workers will get stuck in their jobs for longer periods instead of moving to other rewarding jobs. The overall effect will be that the country's education level will be low.

Finally, minimum wage should not be raised because raising minimum wage means that more money will be pocketed by the poor people at the expense of the employer. In order to cater for the increase in income, it means that the employer will find ways increasing income through ways such as increasing taxes. If taxes are increased, then the welfare of the people will not be catered for.

References

Kosters, M. (1996). *The effects of minimum wage on employment*.
Washington, DC: AEI Press.