

Name: _____ Per: _____

Minimum Wage and Unemployment

Imagine that you are a member of the U.S. House of Representatives. You must decide whether to vote yes or no on a bill that would raise the minimum wage. In committee hearings on the bill, you heard testimony from people who favor the increase and from people who are against it. For example, you heard one spokeswoman say:

“We’re experiencing high inflation. The minimum wage must be raised accordingly. Otherwise, the working poor will receive wages that are miserably below what is needed to provide food, housing, and other necessities. Every worker has a right to earn a decent, living wage. The present minimum is too low and is therefore unjust and unfair.”

You heard an opponent of the minimum wage state:

“The minimum wage should be allowed to expire. It creates unemployment, especially among disadvantaged minorities and teenagers. It creates incentives for businesses to substitute machines for people. People without jobs are worse off than people with low-paying jobs. This is particularly true for teenagers with few skills, for at the minimum wage business would rather hire older people who are more skilled or who have more work experience. Such hiring decisions tend to discriminate against young blacks who, on the average, have less education and fewer skills than their white counterparts. Don’t raise the minimum wage; eliminate it.”