

Don't seal borders, give Americans a raise

Study shows higher minimum wage would not trigger layoffs

By Chris Tomlinson | September 16, 2016



Photo: Ted S. Warren, STF

IMAGE 1 OF 6

Protesters on the University of Washington campus in Seattle back higher wages for campus workers last year. The U.S. Supreme Court won't hear franchise owners' challenge to Seattle's minimum-wage law.

One of the most confusing aspects of this presidential race is the conservative cognitive dissonance of opposing global trade to protect American workers, but then refusing to raise the minimum wage.

Recently I've been defending the North American Free Trade Agreement and the Trans-Pacific Partnership, and many readers have let me know how vehemently they disagree. Many support Republican presidential candidate Donald Trump's promise to throw all of the trade deals out and renegotiate them to benefit American workers.

If the other nations don't agree, and they won't, Trump promises to reduce the budget deficit by slapping **huge tariffs on imported goods**, contradicting every trade deal negotiated over the last 70 years.

When questioned, my self-proclaimed conservative readers say they are more than happy to pay the huge hike in prices that imposing tariffs will cause. They know the reason why manufacturers move overseas is to lower prices and sell more products, and they understand that making those goods in the U.S. will cost American consumers more.

Basically, they want to levy a huge tax on Americans to bring jobs back to America.

Ask them about raising the minimum wage, though, and they become indignant. Why should American consumers pay more for goods to guarantee that 2.6 million American workers can support themselves with only one full-time job?

I guess the tariffs appeal to patriotism, while the raising the minimum wage offends their belief in self-reliance. But one hurts the U.S. economy, while the other would help it.

Imposing tariffs on foreign-made goods would cost Americans billions of dollars and dramatically reduce their consumption, but **a new study by S&P Global Ratings** found that raising the minimum wage would boost the U.S. economy, not hurt it.

"Just as regular maintenance of the country's transportation infrastructure bolsters GDP, raising the minimum wage is an investment in the 'human infrastructure' of the labor force," said Satyam Panday, an economist at



OUTSIDE THE BOARDROOM

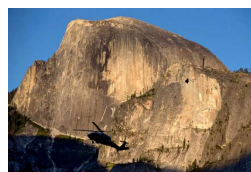


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S&P Global Ratings, a non-partisan financial analysis service.



"A higher floor under wages won't solve every problem in the labor force, but it can start a transition to a high-wage, high-productivity economy. Better-paid workers tend to work harder and quit less readily," he added. "Firms have an incentive to invest in new equipment and training programs. All of these factors can boost productivity, which is the lynchpin of prosperity."

There is no academic support for right-wing propaganda that claims raising the minimum wage a reasonable amount leads to layoffs. Putting more money in a poor person's pocket, by the way, boosts the economy more than giving it to a rich person because the poor are more likely to spend it.

How much is a reasonable increase? Consider that an increase in the minimum wage to \$9 an hour would raise a worker's annual pay to \$18,000, from the current \$14,500. An increase to just \$10.10 would generate \$20,200 a year, enough to push the person's work income above the poverty threshold for a family of three, according to the report.

I imagine most people reading this column can't imagine supporting a family of three on \$20,200 a year. But that's certainly better than the current \$14,500 a year.

Rather than try to claw back lost jobs by making the American consumer pay more for goods—which is socialism, by the way—why don't we invest in training workers for the next generation of good-paying jobs? Why not pay a livable minimum wage, and boost the economy that way?

Let's more America forward, not backward.



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