



Romney: Index Minimum Wage to Inflation

But Romney's statement about not worrying about the poor — because they “have a very ample safety net” — was followed by a statement that was not just a slip of the tongue, and should be a defining moment in telling us about this man's qualifications as a conservative and, more important, as a potential President of the United States.

Mitt Romney has come out in support of indexing the minimum wage law, to have it rise automatically to keep pace with inflation. To many people, that would seem like a small thing that can be left for economists or statisticians to deal with.



But to people who call themselves conservatives, and aspire to public office, there is no excuse for not being aware of what a major social disaster the minimum wage law has been for the young, the poor and especially for young and poor blacks.

It is not written in the stars that young black males must have astronomical rates of unemployment. It is written implicitly in the minimum wage laws.

We have gotten so used to seeing unemployment rates of 30 or 40 percent for black teenage males that it might come as a shock to many people to learn that the unemployment rate for sixteen- and seventeen-year-old black males was just under 10 percent back in 1948. Moreover, it was slightly lower than the unemployment rate for white males of the same age.

How could this be?

The economic reason is quite plain. The inflation of the 1940s had pushed money wages for even unskilled, entry-level labor above the level specified in the minimum wage law passed ten years earlier. In other words, there was in practical effect no national minimum wage law in the late 1940s.

My first full-time job, as a black teenage high-school dropout in 1946, was as a lowly messenger delivering telegrams. But my starting pay was more than 50 percent above the level specified in the Fair Labor Standards Act of 1938.

Liberals were of course appalled that the federal minimum wage law had lagged so far behind inflation — and, in 1950, they began a series of escalations of the minimum wage level over the years.

It was in the wake of these escalations that black teenage unemployment rose to levels that were three or four times the level in 1948. Even in the most prosperous years of later times, the unemployment rate for black teenage males was some multiple of what it was even in the recession year of 1949. And now it was often double the unemployment rate for white males of the same ages.

This was not the first or the last time that liberals did something that made them feel good about themselves, while leaving havoc in their wake, especially among the poor whom they were supposedly helping.



Written by [Thomas Sowell](#) on February 7, 2012

For those for whom “racism” is the explanation of all racial differences, let me assure them, from personal experience, that there was not less racism in the 1940s.

For those who want to check out the statistics — and I hope that would include Mitt Romney — they can be found detailed on pages 42 to 45 of *Race and Economics* by Walter Williams.

Nor are such consequences of minimum wage laws peculiar to blacks or to the United States. In Western European countries whose social policies liberals consider more “advanced” than our own, including more generous minimum wage laws and other employer-mandated benefits, it has been common in even prosperous years for unemployment rates among young people to be 20 percent or higher.

The economic reason is not complicated. When you set minimum wage levels higher than many inexperienced young people are worth, they don’t get hired. It is not rocket science.

Milton Friedman explained all this, half a century ago, in his popular little book for non-economists, *Capitalism and Freedom*. So have many other people. If a presidential candidate who calls himself “conservative” has still not heard of these facts, that simply shows that you can call yourself anything you want to.

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