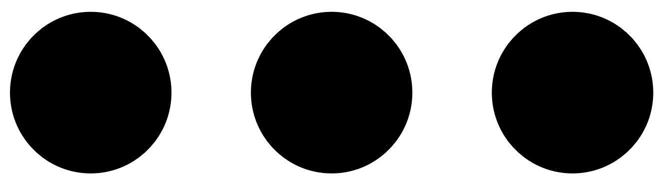
Minimum-wage Increase Petition Challenged in Oklahoma

The Oklahoma Supreme Court is scheduled to begin hearing oral arguments on January 31 in a case brought by the Oklahoma Chamber of Commerce and the Oklahoma Farm Bureau Legal Foundation, challenging an initiative petition seeking to increase Oklahoma's minimum wage law.



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Oklahoma became a state in 1907, and its constitution was heavily influenced by the "progressive" movement of the day, which advocated citizens bypass the state legislature and make laws directly. Those favoring the increase of the minimum wage in this petition effort in Oklahoma would delegate legislative power to federal administrative officials — a policy that those opposing the petition argue makes it unconstitutional under another provision of the state's constitution. Oklahoma Attorney General Gentner Drummond has joined the plaintiffs in the case.

Unless the state's high court prevents its circulation, those favoring the wage increase would have to obtain a certain number of signatures on their petition to force a statewide vote. The number of signatures required is tied to the total votes cast for governor in the last gubernatorial election. While proposed constitutional amendments need 15 percent of the number of total votes cast to get the proposition on the ballot, simple law changes only need eight percent. The governor can then either call a special election, or allow it to be voted on at the next regularly scheduled general election.

If enacted into law, State Question 832 would increase Oklahoma's minimum wage from $7.25 per hour to $9 per hour in 2025; $10.50 per hour in 2026; $12 per hour in 2027; $13.50 per hour in 2028; and finally, $15 per hour in 2029. After that, the wage would increase *automatically*, with no further action, along with increases in the federal Consumer Price Index (CPI).

Chad Warmington, the president and CEO of the Oklahoma Chamber of Commerce, said this is a "major concern." These "automatic, open-ended increase[s] being linked to a federal government produced index that is based upon cost-of-living rates in cities like New York or San Francisco [and areas like them] are not reflective of the actual cost of living in Oklahoma." Yet, this unrealistic standard would be imposed upon businesses in places like Oklahoma, which have a much lower cost of living.

Ben Lepak, the executive director of the state chamber's Research Foundation, explained the practical problems associated with such a government-mandated wage increase. "Study after study has demonstrated that when a state or city's minimum wage is hiked, the result is lower employment, higher costs for consumers, increased business failure, or some combination of those."

Small businesses are those most negatively impacted by such a mandate. While larger retailers such as

Walmart and Target can better manage such increases in their labor costs, small-business owners are often not able to do so. While they can raise their prices in an effort to pay wages higher than the market, this could simply cause many customers not to buy from them at all. Business owners can try to conform to the mandate by reducing the number of workers, through either laying off some or not hiring others, but that can also lead to customer frustration of longer delays in being "waited on." Frustrated customers might just take their business elsewhere, such as to one of the big chain stores or chain restaurants.

Finally, some small businesses, unable to make a profit with the higher wage, will simply close up shop.

One must consider just why business owners hire employees at all. The business owners hire employees because they believe that the people hired will make them more money than they could make without them. If they are mandated to pay wages that actually reduce their profits, or that make it impossible to even make a profit at all, they will not hire additional workers. Some businesses might make greater use of automation, but that is not realistic for some businesses. And, of course, a mandated $15 an hour wage does someone no good if the business has folded.

Those who want the government to impose market controls of any kind, whether it be on prices or wages, are basically wanting the government to impose a lie. If the market price is actually lower than the government-mandated price, we have a surplus. If the market price is higher than the government-mandated price, we have a shortage. Centuries of historical examples have demonstrated this over and over.

If a mandated minimum wage is higher than the market price, then a surplus of workers means some prospective employees are not hired, making their wage zero dollars an hour.

Prices are the language of the marketplace. They tell producers to produce more at higher prices, and less at lower prices. Consumers will buy more when prices fall, rather than when they go up. That is reality, and for the government to impose a price different than what the market is saying the real price is, is simply distorting those signals, leading to economic problems.

Having a vote to dictate what someone should charge for a product or for their labor is no more justifiable than deciding someone's guilt for a crime by a popular vote. The Declaration of Independence stated quite clearly that the *just* powers of government are to protect our rights, not to take them away. Even if a majority of the voters wanted to exterminate all Jews, for example, that would not make it just.

Setting prices, whether those prices are for goods or services offered for sale, wages paid to employees, interest rates, or rent rates, is not a proper function of government, whether at the state or federal level.