



Written by [Bob Adelman](#) on April 24, 2013

New Poll Shows Small-business Owners Favor Raising Minimum Wage?

Quoting the results of a poll funded by a lobbying group known as the Small Business Majority, the *Central Valley Business Times* (CVBT) of Stockton, California, [announced](#) that a majority of small-business owners now support raising the minimum wage. The *Times* iterated the hoary refrain that such a raise “would enhance consumer spending which can increase the demand for small firms’ goods and services” and added that not only would such a raise “allow low-income workers to more easily support themselves ... [but it would also relieve] pressure on taxpayer-financed government assistance programs.”



John Arnsmeier, the founder and CEO of Small Business Majority (SBM), repeated the theme:

By raising it across the board, more Americans will have more money to spend at small businesses. This will help them create jobs which strengthens the economy overall.

The economic domino effect raising the minimum wage would have would be significant.

Another lobbying group, [Business For a Fair Minimum Wage](#), echoed Arnsmeier and the *Times*, claiming that

Increasing the minimum wage will help the economy because the people with the lowest incomes are the most likely to spend any pay increases buying necessities they would not afford before, which will boost sales at businesses.

This will increase the customer demand that businesses need to retain or hire more employees.

Henry Hazlitt, the author of [Economics in One Lesson](#), no doubt thought he had put the matter to rest back in 1946 when he gave this explanation:

You cannot make a man worth a given amount by making it illegal for anyone to offer him anything less. You merely deprive him of the right to earn the amount that his abilities and situation would permit him to earn, while you deprive the community even of the moderate services that he is capable of rendering.

In brief, for a low wage you substitute unemployment.

A shortcut to understanding the fallacy of the minimum wage is simply to ask: If raising the minimum wage to \$9 per hour as [proposed by President Obama](#) or to \$10.50 an hour [as proposed by Ralph Nader](#) makes so much sense, why not make everyone wealthier by raising it to \$20 an hour, or \$50, or \$100?

And so how does a poll, hired and paid for by the Small Business Majority, come out with the exact



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opposite conclusion? There are clues buried in the poll itself and elsewhere. For instance, SBM holds itself out as being opposed to “stifling diverse voices in favor of ideological rigidity” and has hired pollsters in the past to show that the majority of small business owners are in favor of the Patient Protection and Affordable Care Act (ObamaCare), and that they “believe immediate [federal government] action is necessary to form bold clean energy policies that will prompt innovation, and in effect, stimulate small business and the economy.” It found pollsters to show that “87% of small business owners believe [that] improving innovation and energy efficiency are good ways to increase prosperity for small businesses” and to show that “80% [of them] support [government laws] requiring the auto industry to increase fuel efficiency standards to 60 miles per gallon.”

SBM hired an MIT economist to conduct a survey which found that healthcare reform [i.e., ObamaCare] “would dramatically improve the situation for small businesses — holding down healthcare cost increases, saving jobs, preserving wages, and bolstering profits.”

In June 2010 SBM paid for another study which concluded that most small-business owners “support climate legislation” and are “looking to a partnership with government to help them compete.”

In October 2010 SBM released the result of another study that showed that, in California, small-business owners supported California’s Global Warming Solutions Act which they anticipated would “boost small businesses’ bottom lines and stimulate job creation.”

A closer look at the actual questions asked in the survey paid for by SBM is helpful. One of the poll’s questions was: “Do you agree or disagree that it is not right that people working full time to earn just \$15,080 a year at the minimum wage, which is significantly lower than it was in the 1960s, adjusting for inflation?” Another was: “Do you agree or disagree that increasing the minimum wage will help the economy because the people with the lowest incomes are the most likely to spend any pay increases buying necessities they could not afford before, which will boost sales at businesses?”

It should also be noted that in the SBM poll, 85 percent of those polled were already paying more than the minimum wage to their employees.

Studies showing that raising the minimum wage also raised unemployment have stood the test of time, including one done in 1994 published in the *American Economic Review* and repeated several times since. Indeed, competing studies on the matter concluded that, in the real world, raising the minimum wage increases unemployment, just as predicted by Hazlitt.

[This hasn’t slowed down Ralph Nader](#), who launched his campaign “Catching Up with 1968” which, if successful, would raise the minimum wage to \$10.50 an hour. That matches the inflation-adjusted minimum wage of \$1.60 an hour back in 1968. He and his supporters have touted the “ripple effect” of such an increase and how 30 million employees would benefit from such legislation. He picketed a Walmart store in Connecticut with 13 of his most ardent supporters but left before a Walmart spokesman could explain that Walmart was already paying more than Nader’s \$10.50 an hour: \$13.66 an hour, to be exact. And that didn’t take into account any bonuses (last year Walmart paid out \$770 million to its employees) or the 10 percent discount enjoyed by its employees (worth another \$550 million last year).

Austrian Economist Mark Perry took one look at Nader’s rants and [wrote](#):

Wow, if only it was that easy!

And if it really was that easy, would a 60% or 70% or 80% increase in the minimum wage create an



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even bigger economic stimulus and add even more jobs?

When looking at any pollster's conclusions it is helpful to discern three things: who's asking, how are they phrasing the questions, and what's their agenda?

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