



Written by [Bob Adelman](#) on August 13, 2015

Seattle's Minimum-wage Increase Starting to Cost Jobs

The Seattle city council mandate that business owners must raise the minimum wage they pay to their workers to \$11 an hour (on the way to \$15 an hour over the next few years) is already having its predicted effect: In the first six months of this year, 1,300 restaurant workers in the city have lost their jobs, [according to the American Enterprise Institute](#) (AEI).



In the single month of May, one month after the \$11 mandate kicked in on April 1, 1,000 workers lost their jobs which, according to AEI economist Mark Perry, "was the largest one month job decline since ... the [start of] the Great Recession."

In simple terms, thanks to the progressives running the city council, Seattle restaurant workers are suffering their own recession.

To add salt to the wound, statewide (not including Seattle), restaurant employment has increased by 3.2 percent, adding 2,800 jobs over that same period.

This wasn't supposed to happen, according to the progressive narrative. According to the pro-wage increase group "15 for Seattle," the wage hike "will benefit more than 100,000 workers." But in the real world of real consequences that inevitably flow from good intentions overriding common sense, Devin Jeran, a worker at Z Pizza in downtown Seattle, got some good news and some bad news: His wage was going to increase to \$11 an hour starting April 1. The bad news: In August, he would be out of work as the owner, Shah Burnham, was closing the place down.

Jeran thought the increase was going to be good for him, but reality has set in: "If that's the truth, I don't think it's very apparent. People like me are finding themselves in a tougher situation than ever."

Burnham was faced with economic reality:

I've let one person go since April 1. I've cut hours since April 1. I've taken [those hours] myself because I don't pay myself.

I've also raised prices a little bit. There's no other way to do it....

The discrimination I'm feeling right now against my small business makes me not want to stay and do anything in Seattle.

Cascade Designs, an outdoor gear maker, has already made the decision to move at least part of its Seattle operation to lower cost Nevada. Martin Maisonpierre, a company spokesman, said it was the one-two punch of costly rents in Seattle, along with increased labor costs, thanks to the city council's mandate. The company, which makes sleeping mattresses and other equipment under brand names like Therm-a-Rest, MSR, and Platypus, is moving about 100 jobs, or one-fifth of its workforce, to Nevada by the end of the year.



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The day before the mandated increase took place, iconic Ivar's Salmon House raised its menu prices by 21 percent while asking its customers to refrain from tipping, all in order to stay in business under the new mandates. This will have another unintended consequence: There will be little incentive to provide excellent service in hopes of receiving a TIP (To Insure Promptness) when the bill is presented.

The owner of Icon Grill in downtown Seattle, Nick Musser, cut paid time off to just one week a year for most of his employees. Those who have worked for him for more than 10 years will lose three weeks. And even that may not be enough for him to stay in business: "We're evaluating [the] potential to do things like ... price increases."

The mandates are coming down hard even on progressives who supported the mandate but who also own small businesses. Jody Hall, the owner of Cupcake Royale, a company with seven neighborhood coffee shops that sell artisan cupcakes and ice cream and employs about 100 people, is well-known in Seattle for her support of progressive causes, and was an early supporter of Seattle Mayor Ed Murray's plan to raise the minimum wage.

But now, after the fact, and the reality of the impact of the mandate is beginning to settle into her consciousness, she is having second thoughts:

I really have a hard time. Even though I signed support [for the mandate], this is keeping me up at night like nothing ever has.

There is no example, ever, where one city would more than double the national minimum wage.

She had been planning an expansion and was getting ready to sign a letter of intent, but decided to hold off: "I just felt that I don't want to invest in more expense at this point, to kind of hold it and see what happens." She is now considering expanding, but outside the city limits.

Thanks to economist Perry and AEI, observers are now being rewarded with proof that economic laws of supply and demand cannot long be repealed. Whenever the price of something goes up (labor, for instance), less will be demanded of it. Not covered by the AEI study, however, are additional consequences of meddling with the free market: new jobs not created, new businesses not formed, new investments not made, not to mention the replacement of existing positions through electronic order pads replacing servers, and kiosks taking orders instead of people.

A graduate of an Ivy League school and a former investment advisor, Bob is a regular contributor to The New American magazine and blogs frequently at www.LightFromTheRight.com, primarily on economics and politics.



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