



## Minimum Wage Hikes Are Costing Jobs

Employment data now coming in from six U.S. cities that have mandated increases in the minimum wage are proving a basic economic law: When the price or cost of something increases, less of it will be demanded.

In his analysis of the preliminary data now available from Chicago, Oakland, San Francisco, Seattle, Los Angeles and Washington, D.C., [Jed Graham wrote](#): “Job gains have fallen to multi-year lows at restaurants, hotels and other leisure and hospitality venues.”



### **Chicago:**

Job gains in the leisure and hospitality sector in the Windy City have slumped to a five-year low after implementation last July of a mandated boost in the minimum wage to \$10 an hour. Employment increased just 1.1 percent from September through November, half the rate in 2014.

### **San Francisco Bay Area:**

Job growth also hit a five-year low after the San Francisco and Oakland city councils mandated an increase in the minimum wage last spring. Hiring in the leisure and hospitality sector has averaged 5 percent a year, right up until implementation of the increase in the minimum wage. It now is running at less than half that — 2.2 percent — while employment in the rest of the state’s leisure sector (outside the reach of progressives in San Francisco) grew by 4.9 percent.

### **Los Angeles:**

Job growth in LA’s accommodation industry went negative after the minimum wage was increased to \$15.37 an hour. As Graham noted, “After growing by 3% or more [over] the prior three years, Los Angeles County accommodation industry employment fell by an average of 3%, or 1,300 jobs, versus a year earlier.”

### **Seattle:**

Progressives hiked the minimum wage from \$9.47 to \$11 an hour last April, and restaurant job gains fell below 2 percent for the first time since 2010. This is half the pace of the prior three years.

### **Washington, D.C.:**

Graham says the best evidence that minimum wage hikes destroy jobs comes from the nation’s capital:

The strongest evidence comes from the nation’s capital, where leisure and hospitality employment, which rose at least 3% annually over the prior four years, fell an average of 1% from a year ago in the three months through November. So instead of adding 2,000 or more jobs per year, restaurants, hotels and the rest of the leisure and hospitality sector have lost about 700 jobs.

The reason Washington provides the best evidence that minimum wage hikes destroy jobs is that cities



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surrounding D.C. are hiring, whereas the service industry in the capitol is not.

Mark Perry of the American Enterprise Institute looked closely at the data and discovered that the Bureau of Labor Statistics (BLS) breaks down employment data for the district itself and separately for the surrounding (MSA, or Metropolitan Statistical Area) environs. According to Perry, "This allows for the natural comparison ... of restaurant jobs in DC only vs. restaurant jobs in the surrounding area," including Virginia where the minimum wage is \$7.25 an hour and Maryland where it is \$8.25.

After analyzing the numbers, Perry concluded that "the preliminary evidence so far suggests that D.C.'s minimum wage law is having a negative effect on employment levels at the city's restaurants," adding:

At the same time that suburban restaurants last year increased staffing levels by nearly 5,000 new positions, employment at the District's restaurants *contracted* by more than 200 jobs. [Emphasis added.]

Measures meant to help low-skilled employees improve their circumstances are doing precisely the opposite, despite wishes by progressives that minimum wage increases would. On Seattle's website is found a pure expression of the desire that the myth would become reality:

Citywide minimum wage laws offer local governments a powerful tool for helping low-income works and families in their communities. Such measures also have significant impact on businesses and how they operate.

Clinton Alexander, writing in *The New American* in October, had conversations with a number of small business owners in Seattle about the impact the mandated increase would have on their businesses. He concluded that these owners have few options: 1) eat the increase themselves, reducing their profitability to, in some cases, below break-even; 2) raise their prices which would likely reduce their business; or 3) cut back on their present staffs.

Preliminary data coming in are proving the point: minimum wage laws hurt the very people they're supposed to help. Joseph Sabia, an associate professor of economics at San Diego State University who somehow failed to buy into the progressive philosophy behind minimum wage hikes, noted instead:

Minimum wage increases almost always fail to meet proponents' policy objections and often hurt precisely the vulnerable populations that advocates [say] they wish to help....

Minimum wages deter employment.

Put another way, minimum wage laws designed to help low-skilled people will keep them low-skilled and many of them unemployed altogether.

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