Federal Minimum Wage, is it too Low?

Despite steady and strong economic growth for decades in the United States, the real wages of many Americans continues to trend downward. For many Americans, it is a struggle simply to provide basic needs for their families. These workers form the foundation of many great businesses within the country, and their compensation simply does not reflect that. Furthermore, there is a great deal of wealth in this country of which a grotesque portion belongs to very few at the top class. This kind of inequality should not be stood for in a country where opportunity forms the basis of society’s belief systems and economic structure. However, this problem can be abated with appropriate legislation. Raising the federal minimum wage is not only practical in that it will increase economic growth, but it is also morally correct and entirely achievable.

Raising the minimum wage will lead to a stronger middle class and will, in turn, strengthen the economy as a whole. The current federal minimum wage, which is set by the government to be $7.25 an hour, is so low that workers are forced to use government programs to subsidize their wages. It is important to consider that the US government pays for these programs such as the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF) with tax dollars from working Americans. This places the cost of having low wage employees on all of those who pay taxes when the cost should be placed on the businesses who are profiting, in some cases inordinately large amounts of money, as a result of the work that these employees are putting in. The amount of income inequality in the United States is staggering. The top one percent of Americans are expected to have more wealth than the bottom 99 percent combined by 2016. (Slater) Owners of large publicly traded
corporations even pay less in taxes due to the fact that income made on dividends and capital gains from the stock market are taxed at an astonishingly diminutive rate of either 0, 15, or 20 percent depending on the amount of income that the individual stockholder earned. For comparison, individuals at the highest tax bracket pay almost 40% of their wages in taxes if the money is made through traditional means such as working as a doctor or other high paying position. (Spiegelman) It is unfair to everyone that people whose money earns their money for them in the stock market pay nearly half of what many working citizens pay in taxes. Those who make the most money in the US will often make their money largely through the stock market. Therefore, this taxation system unjustly favors those who make exorbitant amounts of money from the disproportionate amount of wealth at the highest levels of income. One way to combat this imbalance is to raise the minimum wage as a means of leveling out the wealth more fairly within these corporations. It is also important to note that recent studies that are believed to be more accurate for today’s job markets have been done to test what amount of low wage job loss occurs when the minimum wage is increased. A study conducted by Dube, Lester, and Reich in 2010 compared job loss among states within the same region of the United States where some states raised their minimum wage and others did not. Their study found that due to the tendency of low wage employees to spend raises they may receive, that the economy was strengthened enough that no job loss occurred when the minimum wage increased. In fact, it was shown to have marginally increased economic growth in those states. (National Employment Law Project 4) Raising the minimum wage would be beneficial to everyone as it would strengthen the middle class which would result in a more successful economy overall.
It isn’t right that workers put in 40 hours or more into their job each week to be left in indigence. The United States government has a moral obligation to protect the interests of workers who contribute to the US economy’s Gross Domestic Product at all levels within the wage spectrum and not just those at the top of it. The current minimum wage does not allow for American workers to live life in the way that they should given the massive amount of wealth that exists within this nation in comparison to others. Many teachers are working second jobs to support their families. Teachers are an important example to illustrate this as well due to the fact that having teachers struggle to support their families and spend nearly all of their time working is extremely detrimental to their performance when it comes to teaching students what they need to know. Even this has a latent function of weakening the economy overall because without a strong foundation in education, workers will be less skilled and not produce the same results that they would have otherwise. Also, as a developed nation, there is a governmental moral obligation to provide people of all ages access to the best education that can be reasonably achieved through the existing limitations of fair regulation and fiscal policy. Although, it is not just teachers that should be able enjoy the right to spend time with their families. No Americans working full time positions should have to, in the most extreme cases, go without the basic needs for their families such as food, water, and shelter. It is a great moral concern that so many of America’s workforce have such limited access to what they need to live a successful and fulfilling life, and raising the federal minimum wage would do a lot to assuage these concerns.

The specific dollar amount that the minimum wage should be raised to in order to maximize the benefits of the proposal should be $12.00 an hour but increased over the course of about five years. Although to some this may seem like an overly progressive step towards
reducing income inequality and fairness to all workers, this is a problem that has gotten far too out of hand and requires immediate action. Also, many politicians believe that this legislation would be completely within reason regarding both likelihood to succeed through the US legislative process as well as likelihood to succeed in achieving its intended goals. This is actually the same proposal that Senator Patty Murray and Representative Robert “Bobby” C. Scott put forth under the name “Raise the Wage Act.” According to this act, the minimum wage would be raised to $12.00 an hour at the year 2020. Subsequently, the minimum wage would increase annually to maintain the same ratio of minimum to median wage in the United States. An increase to $12.00 an hour would raise the wages of 35 million American workers, and businesses could expect a dramatic rise in consumer spending. Also, the minimum wage would be proportional to what it was in 1968 when unemployment was less than four percent. The minimum wage has been stagnant, and it is time that meaningful legislation be passed to mitigate the issues that American workers are facing as a result. (Cooper) Many politicians are already considering raising the minimum wage as a viable piece of legislation. Varying specific plans have been laid out so far, and some of these have even been introduced by current presidential candidates running in the primary elections.

Many critics of a minimum wage increase claim that it will raise unemployment because it is cheaper for companies with many low wage employees to build machines than to pay someone to do certain positions when the minimum wage reaches a certain point. This is a legitimate concern regardless of the minimum wage because as technology becomes better and more affordable over time, which it has been exponentially for years and is expected to continue, many jobs will be cheaper over long-term use to automate with machines. However, the response
should not be to limit workers’ right to a livable wage but to encourage more citizens to find other positions and make it easier to access higher levels of education to further themselves into more intellectual jobs that won’t be automated until far into the future. To some extent people will go to other jobs that will arise as society, technology, and markets continue to grow in the same way that they always have and these low wage jobs become obsolete as a result of automation. In the event that other jobs do not arise to enough of an extent to keep unemployment at reasonable levels, a transition towards government assistance programs will need to be undergone in order to support those who lose their jobs to machines. This is an inevitable issue regardless of wage regulations, and it is better society tackles it preemptively so as to minimize the damage done as a result.

The current minimum wage is immoral and detrimental to the economy, but can be changed as politicians give more credence to the benefits of raising it to a more reasonable level. The economy has been proven to succeed best when the real wages of workers are high. The increasingly inegalitarian distribution of wealth in this country is becoming more of an issue all of the time and at an astonishing rate. Furthermore, it is unfair to the Americans who are putting in many hours of hard work each week to be left with so little when those at the top of the corporate structures have so much. Economically, this country is deeply flawed due to its taxation system and other policies that favor the richest Americans. It is imperative that action be taken promptly as this injustice has gone on for far too long. Although, change can happen, and the millions of Americans that would be affected by this change deserve it.
Works Cited


