
A Review on Conservative and Liberal Views on Minimum Wage Laws

Understanding Conservative and Liberal Views on Minimum Wage Laws

There are many contradicting reports on whether or not minimum wage hikes can have harmful effects on the economy such as an increase in unemployment. By selectively citing data is very easy to convince someone that minimum wage increases could either help or hurt the economy, depending on what you want that individual to believe. For example, 75 renowned economists signed a petition to President Obama to have minimum wage increased, claiming that their individual studies have shown that minimum wage hikes do not increase unemployment. On the other hand, the Congressional Budget Office estimates that increasing the minimum wage to \$10.10 per hour—what Obama had proposed—would have a two-thirds chance of causing a reduction in employment by up to a million workers. That being said, an essay of this length could not possibly sift through all of the contradictory data available on the matter. Instead, it will focus on the two prevailing schools of thought on minimum wage, and the reasoning that each of these groups uses to support their position on the minimum wage issue. The more liberal opinion is that the federal minimum wage should be increased, if for no other reason than to reflect increasing inflation. More conservative individuals who tend to believe the minimum wage should be maintained at \$7.25 per hour, or even decreased will comprise our second school of thought. For purposes of clarity, these groups of people will be simply referred to as liberals and conservatives, although it is obvious that not all individuals affiliated with these positions agree on minimum wage laws.

Let us begin with an examination of the liberal stance on minimum wage. Perhaps the most obvious position held by proponents of an increased minimum wage is that it will eliminate poverty. In 2014, when President Obama signed an executive order that required the minimum wage of federal contract workers to increase to \$10.10 an hour, he summed up this position quite succinctly: “In the richest nation on Earth, nobody who works full-time should have to live in poverty.” A full-time minimum wage worker can be expected to make around \$15,000 each year. For one individual, this may be enough, as the federal poverty line for a single person is estimated to be around \$11,000 per year. However, at this level of pay, any unplanned incidents can be disastrous for that individual’s budget. Unexpected expenses such as car troubles or health problems can be very costly, and if an individual only has a yearly safety net of about \$4,000, he may find that extra cash insufficient to cover the costs of such events. Furthermore, consider a family of four; the poverty threshold lays closer to \$24,000 per year, which

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demonstrates President Obama's statement. Certainly a single parent who has to support three children cannot possibly lift his or her family out of poverty by working at minimum wage, even if he or she does work full time. Liberals are very compassionate toward people in such situations, and this sentiment moves them to support raising the minimum wage.

Of course, that is not to say that sentiment is the only motivation that liberals have for their position on minimum wage. We often hear claims from conservatives that increasing the minimum wage will lead to job losses, but it should be noted that some "Democrats like New York's Governor Andrew Cuomo are forcefully making the opposite case: raising the minimum wage promotes job creation and is good economics," as minimum wage hikes can lead to an increase in jobs and can help the economy by increasing purchasing power of minimum wage workers. As we have mentioned, not everyone in the same party agrees on all of these matters. For example, Jerry Brown, the liberal governor of California fought very hard against raising the state's minimum wage to \$15 an hour for fear that it would create job loss. That aside, perhaps liberals do not value growing the economy as much as they value egalitarianism and equality in our society, and this could explain why they are willing to implement policies that may hinder economic growth to achieve certain ends.

Liberals and conservatives alike generally agree that income inequality is a problem in our nation, although some people would disagree. Regardless, the disagreement regarding income inequality in our country is for the most part not centered around whether or not the problem needs to be addressed, so much as how it should be addressed. Many economists agree that raising the minimum wage obviously wouldn't do much to impact the difference between the top 1% and other upper-class workers, and perhaps not even between the upper class and the middle class, because these groups generally consist of individuals who make more than minimum wage. By increasing the minimum wage, the gap between those at the bottom and the middle class would be most affected, but even this change would be negligible. Liberals may argue that some progress toward creating equality is progress nonetheless, but they would also advocate for other policies that would address income inequality between all of the upper, middle, and lower classes.

In addition to pursuing this goal of equality, liberals often support raising the minimum wage for the sake of consistency. The White House website explains that "Today, the real value of the minimum wage is about 20 percent less than when Reagan took office. Workers that receive tips have an even lower minimum wage: \$2.13 per hour, unchanged for over 25 years." Liberals often argue that if we cannot all agree to substantially increase the federal minimum wage, we should at least take inflation into account to maintain the actual value of the hourly minimum wage. For example, the federal minimum wage has been set to \$7.25 an hour since 2009. In 2016, it is estimated that \$8.07 has the same value as \$7.25 in 2009, effectively resulting in an 82 cent decrease in the minimum wage over the past seven years. Liberals would argue that if

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we cannot increase the minimum wage, we should at least implement policies to increase the dollar amount to maintain a fixed value, and thereby grant minimum wage workers a consistent purchasing power.

Certainly there are many more arguments that are to be made on behalf of those who would raise the minimum wage, but we have reviewed many of the most popular arguments, and we can now examine the conservative point of view. Conservatives generally hold that the minimum wage should either be maintained at its current rate or even decreased. We will now take a look at how this group justifies their attitude.

We have seen that liberals want to increase the minimum wage so that nobody who works full time has to live in poverty. While conservatives may be sympathetic to the plight of an individual who has had a tough go at life, for the most part, they would argue that if an adult looks hard for a good job and works hard at that job, it should not take very long for that individual to either get a raise or to find a higher paying job. In fact, in May of 2016, it was estimated that there were 5.8 million jobs available. With the median salary of a truck driver for a private fleet at \$73,000, and with a national shortage of about 50,000 truckers, it makes sense that conservatives are skeptical of how hard single parents who work minimum wage jobs are working to find a better job. Of course, being a trucker is not the most glamorous job, and it leads to long hours on the road and away from your family. Nonetheless, the only qualification for this job is that you have a commercial license and can pass a drug test. One would certainly think that a truly motivated individual would be willing to sacrifice some family time to lift their family out of poverty by working for a raise from \$15,000 to \$73,000—a salary at which one could certainly afford child care and still remain well above the poverty threshold. Of course, not everyone can become a trucker, and a commercial license is not that easy to obtain, but this profession simply serves as an example of the kind of jobs available for motivated individuals—jobs that require no college degree and relatively little training.

Again, some conservatives would be sympathetic to the single parent raising several kids on minimum wage; they would again acknowledge that this is an unfortunate circumstance, but it nonetheless stands that minimum wage salaries are not intended to support entire families. Minimum wage jobs are intended to be entry-level positions for unskilled workers and young people who are just entering the workforce, which explains why minimum wage hikes result in an increase of unemployment in younger people more than any other demographic. Conservatives argue that young people who are entirely dependent on their parents do not need to make more than \$7.25. These people are not working to support a family, or even themselves. A high school student may simply be hired for a menial job after school so they can earn a little money for going out or for starting a college fund. In fact, only 1% of minimum wage earners are adult heads of households, so it is understandable that conservatives don't believe that a minimum wage hike across all jobs would help everyone, especially when one considers

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how some businesses respond to minimum wage hikes.

Conservatives often point to the small business owner to explain why minimum wage hikes have adverse economic outcomes. A small business owner may not be able to afford to pay employees more than \$7.25 an hour. Further, a large company may be able to afford to pay employees more than the current minimum wage, but a minimum wage hike could still result in job losses at large companies. There are a few reasons for this. Consider a menial job that is barely worth \$7.25 an hour, as in, the work that job entails just barely allows for the company to make a substantial profit, but perhaps the company values job creation, and has a sense of duty to the community and wants to hire some younger people to give them work experience. A substantial minimum wage hike could result in employers dropping positions that are not absolutely necessary altogether to bolster profits, or they may simply respond by automating certain positions with computers. A minimum wage hike could result in the destruction of many minimum wage jobs—jobs that are intended for unskilled workers, the very people a minimum wage hike would aim to help. Thus a possible result could be that it becomes all the harder for an unskilled worker to find a decent job, because when an employer has to pay an individual \$10 or \$15 an hour, it becomes more likely that business owners will only want to hire more skilled or more educated individuals.

Another reasonable response of business owners is to simply raise the prices of the goods and services they provide. Conservatives argue that it would be very naive to assume that employers would simply take the extra cash out of their own pockets to give many of their employees a raise. That being said, a minimum wage hike may increase the purchasing power of minimum wage workers, but this change may be negated by the unintended consequence of increased prices for goods and services across the board. This sums up the standard conservative claim that minimum wage hikes hurt the very people they are intended to help.

The last piece of the conservative attitude toward minimum wage laws that we will examine includes the ideas of freedom of contract and the right to work. This rests in the idea that if an individual, let's call him Robert, is willing to work for \$5 an hour, the government should not tell him that he is not allowed to. Whatever his reasons may be, if Robert wants to work for \$5 an hour, and an employer agrees to pay him that amount, there is no reason that one should force these two willing parties from creating a mutually-beneficial contract. By preventing Robert from doing this, the government may be interfering with Robert's right to work. Let's consider a more concrete example of this concept; I will illustrate this idea with a personal example.

This past summer I worked full time at a Christian summer camp. Work started as early as 9 am every Monday morning, and it continued until as late as 5 pm on Saturday. I lived at camp that summer, and while of course there were times where I got some breaks, all of the employees—mostly college students—were for the most part working anytime we weren't

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sleeping or eating. That being said, we all worked for about 12 hours a day, 6 days a week, giving us a 72 hour work week. Our compensation for our work was \$270 every two weeks. That puts our pay at \$1.88 per hour before taxes, and no, we did not get tips. Some may read this and think that our employers were selfish, that we weren't being compensated fairly at all, but that was not how we employees felt. In fact, most of the employees enjoy the experience so much that they return to work there the following summer. We were not resentful of the camp for paying us so little; we were grateful. We were grateful to be doing the mission-based work of the camp; we were grateful for the opportunity to learn to work hard; we were grateful for the opportunity to learn to serve others; we were grateful for the friendships we were able to make with our employers and fellow employees.

A common argument on the liberal side is that it may be alright for two individuals to agree on a low pay rate such as \$5 per hour, but often the disadvantaged have no better options. They could be choosing a \$5 an hour job as a last resort, because they must either take that job or starve to death. This is a valid concern, but it doesn't detract from the fact that I personally know dozens of people who are willing to work for less than two dollars an hour even when they have many options available to them. About half of my coworkers were certified lifeguards. With the average pay for this position being \$9.15 an hour, and with the demand for lifeguards increasing more and more as new pools open, it wouldn't have been all that difficult for many of us to find jobs that pay more than minimum wage, yet many of us decide summer and summer again to work at this camp. Some people may be so desperate they have no choice but to work for minimal pay, but minimum wage laws nonetheless affect many individuals' freedom to choose to work where they want to and for however much they are willing to accept.

Thus concludes our analysis of the liberal and conservative points of view on the minimum wage issue. Many often try to cast liberals and conservatives in narrow terms, saying conservatives are more concerned with individual freedom and that liberals are more focused on obtaining the common good, but this discussion has shown that this analysis leaves something to be desired. Liberals are not only concerned with the common good; they are also concerned with individual freedom in that, an individual should be free from want, and free from poverty, as we have seen in the argument that nobody who works full-time should have to live in poverty. Likewise, conservatives are often accused of being hyperfocused on individual freedom, but this is not entirely true either. We have seen from the argument that minimum wage hikes can result in job loss and can actually hurt the very people they are intended to help that conservatives do have regard for the common good. In summary, liberal attitudes toward the minimum wage issue are largely rooted in compassion, but also in economic well-being, and conservative attitudes are largely rooted in economic well-being, but also in concern for the common good. Hopefully this discussion has aided in the reader's understanding of the alternative point of view. It is now left to the reader to decide whether he or she personally believes it is better to raise, maintain, or decrease the minimum wage based on this

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presentation of these two points of view.

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