
Controversial Issue of Minimum Wage

Two out of every three people believe minimum wage should be increased, however, businesses believe differently. Around 30% of all workers are earning minimum wage. Minimum wage workers tend to be younger females working in service jobs, such as work in the food service industry or the retail industry. While many people believe an increase in the payment of minimum wage will decrease the number of people living in poverty, an increase in minimum wage salary will actually increase the number of people living in poverty. There is controversy in the United States over the topic of the minimum wage. Minimum wage is the lowest wage a worker can be paid.

President Franklin Delano Roosevelt started the Federal minimum wage during the Great Depression. The minimum wage was first set at 0.25 cents per hour. Since 1938, it has been raised 22 times. It was last increased in 2009 to \$7.25 per hour. Twenty-nine states and the District of Columbia have set higher minimum wages ranging from \$7.85 in Missouri to \$15.64 in Seatac, Washington. Raising the federal minimum wage will increase the number of people living in poverty. Increasing minimum wage would cause small companies to terminate employees which causes unemployment levels to rise. In a survey, 38% of all small business employers paying minimum wage said they would have to lay off workers if the rate were to increase.

It is estimated that unemployment levels would increase by 2.1%. Many companies are even looking to replace minimum wage workers with robots. Many experts also believe that raising the minimum wage would increase the poverty levels of families because studies have shown that when minimum wages increase, employers reduce the hours each employee works. This reduction in hours reduces the net pay of employees. "The higher wages are, the higher costs of production are. The higher costs of production are, the higher the prices are. The higher prices are, the smaller the quantities of goods and services demanded and the number of workers employed in producing them." Thomas Grennes, MA, Professor Emeritus at North Carolina State University. Poor households can become poorer by either the loss of a job or loss of hours they work. A rise in minimum wage will also affect teenage employment. It is a common misconception that minimum wage workers are single parents trying to earn an income to support their family.

Minimum wage jobs are meant for high school students wanting to make extra money or for college students trying to pay their way through college. Over half of all minimum wage employees are between the ages of 16 to 24 years old and 79% of them are part-time employees. Many small business employers are not willing to pay teenagers or unskilled

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workers such a high rate of pay. This causes a large unemployment among teens. According to a study by Thomas A. Mroz, Ph.D., and Timothy H. Savage, Ph.D., for the Employment Policies Institute, "those experiencing unemployment at an early age have years of lower earnings and an increased likelihood of unemployment ahead of them."

Many experts also believe that an increase in minimum wage also increases poverty levels because workers become satisfied with their earnings and do not continue to strive for better-skilled jobs. The minimum wage has been set at a rate to encourage unskilled workers to develop a skill and therefore advance to higher paying jobs. There are also studies showing that a higher minimum salary also increases the high school dropout rates. "According to a 2003 study by economists David Neumark, Ph.D., and William Wascher, Ph.D., in states where teens can leave school before 18, a 10% increase in the minimum wage caused teenage school enrollment to drop by 2%".

Raising minimum wage is often viewed as essential in order for workers to earn a living, however, the increase in minimum wage also causes the cost of living to increase. In 2015, Oakland, California increased their minimum wage by 36%. Not only did increasing the minimum wage to raise the salary for the employees, it also rose the prices of the food and services. Restaurants in Oakland, California had to raise their prices by 20%. This price increase drove customers away. Raising minimum wage causes businesses to raise their prices on their goods and services which results in inflation. Another reason for increasing the minimum wage is a poor decision for the economy is it provides fewer jobs for the unskilled workers in the United States. In 2015, there were over 2.3 million U.S. jobs that were outsourced to other countries to reduce payroll costs. A survey also found that if minimum wage increases, 70% of these companies would completely move production out of the United States. A lower minimum wage actually provides more jobs in the United States. Many people believe increasing the minimum wage salary would help 100,000 people out of poverty, while it would actually cost the economy around 500,000 jobs. This number is expected to increase to around 700,000 jobs lost. Many people feel that raising the federal minimum wage will help the economy.

Some experts think that minimum wage workers will spend their earnings increasing national spending by one billion dollars and creating over 85,000 jobs. Due to the fact that the federal minimum wage has only increased three times in the last 30 years, the economist also feels minimum wage should be raised to adjust for inflation. Some studies have shown that if federal minimum wage were raised, Americans would be healthier and enjoy more enriched lives due to the fact that with extra money people will eat healthier foods, and stay in school. It is clear there are many conflicting opinions on minimum wage. Minimum wage jobs are not meant as a long-term job. These jobs are not designed to support a family. Minimum wage jobs are designed for teenagers and part-time employees. Raising minimum wage will cause inflation and have a

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negative effect on the economy. We should not increase the minimum wage because even though it will help 100,000 people out of poverty, it will cost the economy around 500,000 jobs. Many jobs will be lost due to outsourcing and replacing human jobs with technology.

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