
Evaluation Of The Risk Of Raising Minimum Wage To Improve American Economy

It is no secret that the United States economy has a history of recessing. It's almost as if the common citizen is always recovering from the latest collapse. Our leaders are constantly trying to come up with various solutions to this problem. One of these ideas is to raise the minimum wage from \$7.25 to \$10.10 per hour. However, some people are hesitant to support this idea due to the unemployment epidemic recently experienced, the costs for goods and services increase, and the possibility of expanding the gap between the lower and middle classes. If the increase of minimum wage does negatively affect our economy, then the economy may not recover from another devastating recession. So the question remains, "Will the risk of raising minimum wage to better the economy be worth it in the end?"

According to Heather Boushey, the executive director of the Washington Center for Equitable Growth, the last raise of minimum wage has done more good than harm. The minimum wage was raised to \$7.25 from its previous \$6.55 in 2009. Between 2007 and 2009, the minimum wage was raised four times ("Fair Labor Standards Act Advisor"). Boushey also states in her article, "It Seems Too Good to Be True, But It's Not," that the Great Recession also ended in 2009. However, she explains that these two facts concerning the economy in 2009 are merely "correlated there is no causation" (Boushey, 2016). That does not mean that minimum wage had no influence over the improvement. It just means that it wasn't the sole cause. So while we cannot say that the minimum wage increase ended the Great Recession, there is proof that the economy benefitted from the increase.

The economist, Stephen Levy, stated that the economy in 2014 was "as good as [it was] before the Great Recession, maybe even better." This is supported by the fact that unemployment was below six percent for the first time in years. According to contact reporter Don Lee, the recession affected the economies of the west and south the most. As of 2014, "those states [were] leading the way in migration and home-building" once again. Even the managing director of the International Monetary Fund, Christine Lagarde, expressed that the economy is expected to exceedingly grow in the future (Lee, 2014).

Maurice A. Jones, Virginia's former secretary of commerce and trade, states that a raise of minimum wage would benefit those who simply can't advance in a particular occupation. What Jones is talking about in his article "Effects of Minimum Wage Increases Extend Beyond the Law's Reach" is there are people who are stuck in a certain position at their job. A raise of minimum wage would allow them to make more money to support their own self and their

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families without advancing their status at work. However, what does this say about the 'American Dream?' The "American Dream" is about working your way to the top. The main purpose of this dream is advancement. So would a raise of minimum wage kill the idea of the "American Dream? If it does, then what is more important, the American Dream or the economy? The United States has been built upon more principles rather than reality. Our culture encourages us to believe in ideas such as the American Dream to distract us from reality. For example, the American Dream tells us that we can achieve greatness through merely hard work; however, we have little proof if this being true. How can you tell someone who is working three jobs and still living in poverty that they just need to work harder? The American Dream is merely an idea, while the economy is reality.

While some are concerned about the American Dream, others are concerned about the nerve-racking possibility of unemployment becoming an issue again. The United States experienced extensive unemployment rates in the early 2000's. The statistics went from 4.2% of the population unemployed in 2007 to 9.3% in 2009 ("Unemployment Rate Demographics," 2010). Since 2009 the unemployment rates have been gradually declining. As our country is finally recovering from the rise of unemployment, many are concerned that the country will undo all the progress made by simply raising minimum wage. This stems from the thought that Michael R. Strain, the director of economic policy studies at the American Enterprise Institution, expresses in his article "Don't Ignore the Costs of Minimum Wage Increases When Celebrating the Benefits." Strain states that a raise of minimum wage would lead to less job opportunities for the public. The reasoning behind this is that companies have a specific budget set aside to pay employees and because of this, the more money being paid to each person means the less amount of people being paid. While this may be true, the number of jobs needed per person will also decline. If the minimum wage was raised to \$10.10 per hour, then less people would need more than one job to support their self and their families. Therefore, there is no need for the concern about unemployment.

Unemployment rates are improving, but sadly there are still people struggling with unemployment and poverty. These struggling citizens are hesitant for another raise of minimum wage because of the effect it will have on goods and services. The idea is that when minimum wage raises, the cost of goods and services raise with it (Strain, 2016). At first glance, that seems to be devastating because this could possibly affect the gap between the middle and lower classes. It is possible that the gap between the two classes would widen, making it nearly impossible for the lower class to work their way out of poverty. This effect is very unsettling and would send the United States culture back decades. We have progressed away from ignoring the less fortunate. Therefore, the only way for society to revert to such is if we begin to ignore them again. To avoid this, the solution has already been addressed. With less jobs per person comes more job opportunities for the unemployed. Also, to those who have jobs, yet are still living in poverty, a raise of minimum wage would help them work their way out of poverty.

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It is difficult to find any certainties in this subject. There are many possibilities, but the effects are not exactly known. Because of this, there are many opinions about this topic. For example, Michael R. Strain believes that the United States should look for an alternative idea to improve our economy. Maurice A. Jones is convinced that raising the minimum wage is only the first step on a path to not only improve the economy, but also help all citizens of the United States. Heather Boushey thinks that because the last minimum wage increase has done more good than harm, there is nothing to argue about. With so many opinions attempting to convince people whether or not the risk of raising minimum wage is worth it, it is difficult to be completely certain where you stand on the subject.

While this subject causes concerns for a majority of citizens in the United States, the historical statistics have proven to be in favor of raising minimum wage to benefit the economy. Based upon the analysis of the economy of 2000 to 2014, it is safe to conclude that the benefits of an increase of minimum wage outweigh the possible harmful effects. Due to this conclusion, the United States leaders should mandate a raise of minimum wage to at least \$10.10 per hour. This would definitely be worth the risk.

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