Minimum Wage Laws In United States

Minimum wage laws make it illegal to pay last in the government specified price for labor. Most typically, a price artificially raise tends to cause more to be supplied and less to be demanded when prices are left determined by supply and man in a free market. Since the government does not hire surplus labor in the way it will buy surplus agriculture output, a labor surplus takes the form of unemployment. Unemployment tends to be higher under minimum wage laws than in a free market. Workers who are unemployed are not surplus in the sense of being useless or in a sense there is no work that needs doing. In other words, these workers are often times good candidates for jobs, but there are no jobs available for them.

People who don’t get jobs when they are young such as in high school are then delayed in the task of acquiring a job. This also hinders their ability to form the skills and experience which could make them into more productive workers and higher earners later on.

Basically, when a worker starts off in the workforce early day develop more skills that will lead them to a better paying job in the future.

Also when workers don’t start off the workforce early, they not only lose the Lope that they could have earned an entry-level job, but they also lose the higher pay that they could’ve moved onto and book on earning after gaining experience in entry-level jobs. Only about 3% of American workers over the age of 24 earn minimum wage.

Labor unions are among the many that benefit from minimum wage loss. Even though their own members typically make much more than the minimum wage rate. The reasoning behind this is because just as most goods and services can be produced with either much labor and capital or vice versa, so can most things be produced using various proportions of low skilled labor in high skilled labor. Experienced unionized workers are competing for employment against younger, inexperienced, and less skilled workers, whose pay is likely to be at or near minimum wage. The higher the minimum wage goes, the more the on skilled and experienced workers are likely to be displaced by more experienced and high skilled unionized workers. Labor unions use the minimum wage laws as tariffs to force up the price of nonunion labor that competes with their members for jobs.

Many political campaigns often advocate a “living wage”. This is a wage that is sufficient enough to support a family of four. Many advocate for this because they wish to have workers be able to support their family with the job they have.

The problem with this is that 64% of workers who earn minimum wage do not have a family and are just 16 to 24 years of age. 42% of minimum-wage workers live with their parents or some other relatives. They are not supporting a family but often a family is supporting them. Only 15% of minimum-wage workers are supporting themselves and a dependent. This 15% is who many are advocating the living wage for. But they forget to account for the majority of those making minimum-wage not needing to support a family or anyone other than themselves.

A number of American cities have still passed the living wage laws, which are essentially local minimum wage laws specifying a higher wage rate in the national minimum wage law. The consequences of this higher minimum-wage are that the poorest people are actually the ones to lose their jobs because of this law. Most empirical studies indicate that minimum-wage laws reduce employment in general, and especially the employment of younger, less skilled, and minority workers. The labor force participation rate of black Americans was slightly higher than that of white Americans in the late 19th century on through the middle of the 20th century. In other words, blacks were jesses employable at the wages they received as whites were at their very different wages. The minimum wage law change that. Before Federal minimum-wage laws were instituted in the 1930s, the black unemployment rate was slightly lower than the white unemployment rate.

The National Labour relations act of 1935, which promoted unionization, also tended to price black workers out of jobs, in addition to union rules that kept blacks from jobs by bearing them from union membership. This huge gap between the unemployment rates of black and white teenage males likewise dates from the escalation of the minimum wage in the spread of its coverage in the 1950s.