



STUDY GUIDE

WHO DOES A \$15 MINIMUM WAGE HELP?

KEY TERMS: Progressive profit minimum wage labor cost entry-level

NOTE-TAKING COLUMN: Complete this section <u>during</u> the video. Include definitions and key terms.	CUE COLUMN: Complete this section <u>after</u> the video.
<p data-bbox="107 548 834 583">What is the current federally required minimum wage?</p> <p data-bbox="107 1003 899 1077">What is the likelihood of restaurants closing for each \$1.00 increase in the minimum wage?</p> <p data-bbox="107 1539 907 1575">How far down did rising labor costs drive AQ's profit margin?</p>	<p data-bbox="951 548 1435 621">Who does a \$15.00 minimum wage negatively affect?</p> <p data-bbox="951 1192 1390 1266">How is a \$15.00 minimum wage harmful?</p>

DISCUSSION & REVIEW QUESTIONS:

- At the beginning of the video, Mr. Puzder points out that, “Progressive politicians love to talk about raising the minimum wage. It makes them sound caring, compassionate, concerned. They’re on the side of the worker, standing against the greedy employer... The Left casts the minimum wage debate as a war between employee and employer. But, most business owners pay their workers as much as they can. Finding and keeping good people is the hardest part of any employer’s job.” Why do you think that progressive politicians advocate for raising the minimum wage? Do you think that it is wrong for progressives to characterize a workplace as having ‘sides’ that are against each other? Why or why not?
- When discussing likely outcomes of raising the federal minimum wage so drastically, Mr. Puzder explains that, “A lot of people will lose their jobs or have their hours reduced. According to a 2014 Congressional Budget Office study, just a \$10 minimum wage would cost half a million jobs as businesses terminate employees. Obviously, far more jobs would be lost at \$15 an hour. To survive, employers would have to reduce hours even for workers who manage to keep their jobs... That’s a pay cut.” What problems do you think that minimum wage advocates are attempting to solve through raising the minimum wage? How might those same problems be solved differently than raising the minimum wage? Explain.
- Another outcome of a \$15.00 minimum wage that Mr. Puzder describes is that, “Young people will lose that entry-level job opportunity. My first job was scooping ice cream at a Baskin-Robbins... It paid just \$1 an hour. But it taught me valuable lessons – like the importance of showing up on time, teamwork, and presenting a happy demeanor to customers. No one can get that better job until they have their first job.” What might some other consequences be for young people who miss out on such entry-level job opportunities?
- Mr. Puzder further points out that, “Prices for everything will go up as businesses pass higher labor costs along to consumers. One of two things will happen. Either consumers won’t pay the higher prices and businesses will lay off workers or close. Or consumers will pay higher prices, and have less money to spend elsewhere. Either way the higher minimum wage will represent a drag on the overall economy.” Do you think that the trade-off of having some workers earning a higher minimum wage whilst prices go up for everyone and businesses lay people off and close is worth it? Why or why not? What about the trade-off of people having less money to spend on other stuff? Explain.
- To conclude the video, Mr. Puzder asks, “So if a \$15 minimum wage doesn’t help workers and doesn’t help employers, who exactly does it help? Well, maybe just the progressive politicians who manage to mislead voters into believing that it’s the right thing to do. Sounding caring, compassionate and concerned is all well and good. But having a job is better.” Do you agree with Mr. Puzder’s assessment that a \$15.00 minimum wage doesn’t help workers or employers? Why or why not? Why do you think that progressive politicians purposefully deceive voters into thinking that such a high minimum wage would be ‘the right thing to do,’ even though so many people would be negatively affected? Explain. Why do you think that progressives focus on what sounds good for people rather than on what actually does good for people?

EXTEND THE LEARNING:

CASE STUDY: The Restaurant Industry

INSTRUCTIONS: Read the article “Unrealistic minimum wages and maximum grief,” then answer the questions that follow.

- How many jobs did the state of Washington add while the minimum wage was \$11.00 an hour? How many workers lost their jobs when Seattle raised the minimum wage to \$15.00 an hour in the same timeframe? How many states have raised their minimum wage level in the last few months? How many minimum wage statutes do employers in New York have to comply with? What claim did Alphonso David make about the minimum wage? Do you believe him? Why or why not?
- Why do you think that some politicians are trying to legally force industries to transform entry-level jobs into career jobs? Why isn't it working? Why do you think that voters keep re-electing politicians that limit the free market?
- Which points in the video are supported by this article, if any? Do you support raising the minimum wage? Why or why not?



QUIZ

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1. The Left casts the minimum wage debate as a war between _____.
 - a. European and American cultures
 - b. the White House and Congress
 - c. employee and employer
 - d. socialists and communists

2. Between 2012 and 2015, how much did rising labor costs affect profit margins for San Francisco restaurant AQ?
 - a. 8.5% to 1.5%
 - b. 8.5% to 2.75%
 - c. 8.5% to 8.5%
 - d. 8.5% to 9.5%

3. If we adopt a national minimum wage of \$15, which of the following will happen:
 - a. New business will open.
 - b. There will be an economic boom.
 - c. Businesses will become more profitable.
 - d. A lot of people will have their hours reduced.

4. Prices for everything will go up as businesses pass higher labor costs along to consumers.
 - a. True
 - b. False

5. How will young people be affected by a raise in the minimum wage?
 - a. They will lose an entry-level job opportunity.
 - b. They will have more job opportunities.
 - c. They will be hired at a faster rate.
 - d. They will be more desirable employees.



QUIZ - ANSWER KEY

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<http://www.washingtontimes.com/news/2017/may/11/editorial-unrealistic-minimum-wages-and-maximum-gr/>

Unrealistic minimum wages and maximum grief

By THE WASHINGTON TIMES - - Thursday, May 11, 2017

ANALYSIS/OPINION:

The continuing increases in the minimum wage is curdling the cream in the coffee at many restaurants, and nowhere more than in New York City, the nation's top town for a variety of good eats. A \$2 minimum wage increase to \$11 became effective at the end of 2016, and the impact on restaurants, just now emerging, has been startling.

"It's going up too fast," Jeremy Merrin, owner of a chain of Cuban restaurants, tells The Wall Street Journal. "We can't catch our breath."

Certain politicians figure they can transform entry-level jobs into career jobs by law or fiat. Restaurants face raising their prices or closing, and many are closing. One popular Chinese restaurant in Manhattan, China Fun, closed after 25 years just after the dawn of the new year, and left the bad news in a note pasted on the front door, blaming "punishing rules and regulations."

Angelica Kitchen, a fixture in Manhattan's East Village, closed last month after four decades. "I felt like I was being regulated in a way that took certain choices away from me that I felt belonged to me, rightly, as a business owner," Leslie McEachern tells the Journal. "I'm not trying to undercut or underpay anybody, but I also don't know what's coming down the pike."

What's coming down the pike is more of the same. Another \$2 an hour wage increase is due to go into effect in the city at the end of this year.

It's not just in Manhattan. Seattle recently raised its minimum wage by \$4, from \$11 to \$15. Not long after that, to the surprise of no one but municipal bureaucrats, Seattle restaurants laid off 900 workers. The state of Washington, however, added 6,200 jobs during that same period when a minimum wage of \$11 an hour was still in effect.

Over the past few months, the minimum wage has risen in various places at various levels in 22 cities in 21 states. Some of the largest increases were in Arizona, with wages up by a stunning 24 percent. Minimum wages were up 20 percent in Maine and Northern California, and voters in four states — Arizona, Colorado, Maine and Washington —

approved a scheme to raise minimum wages even more over the next few years, up to 60 percent in some cases. Dealing other people's money is easy, and who wouldn't like cheaper eats?

The wide variety of city and state laws imposing a minimum wage is confusing, to put it mildly. The Employment Policies Institute reports that the 2017 increases have left a "mind-boggling patchwork" of wage laws. Employers in New York struggle with 14 controlling statutes, 13 in California.

This may be a recipe for competition in the free market, with opportunities for prospective employees to pick and choose the best places to work. For the employers, not so much. Enabling governments to impose a bureaucrat's idea of what wages ought to be only cripples the free market, which can effectively settle on wages and prices. Governments are usually capable of mandating only misery.

Gov. Andrew Cuomo of New York, who has never met a payroll nor studied economics closely, is a fan of the minimum wage, the higher the better. His lawyer, Alphonso David, tells the newspaper that the Cuomo administration studied decades of data and concluded that raising the minimum wage doesn't hurt business. "As public-policy makers we have to be driven by data," he says, "and the data we have doesn't show the minimum wage having an impact on the success or failure of business."

Ah, well. As a skeptic of government data once said, "Who are you going to believe, data or your own eyes?"