*[I don’t know why this is called Employment DA-I kept all of my economic and poverty turns in this file]*

### Employment DA (Poverty)

A large consensus of studies confirms minimum wage hikes cause unemployment

**Neumark 14** David Neumark. (University of California—Irvine, USA, and IZA, Germany). “Employment effects of minimum wages: When minimum wages are introduced or raised, are there fewer jobs? Global evidence says yes.” IZA World of Labor 2014: 6 doi: 10.15185/izawol.6 | David Neumark © | May 2014 | wol.iza.org

**An extensive review of** this **new**er wave of **evidence looked at more than 100 studies** of the employment effects of minimum wages, assessing the quality of each study and focusing on those that are most reliable [2], [3]. **Studies focusing on the least skilled were highlighted**, as the predicted job destruction effects of minimum wages were expected to be more evident in those studies. Reflecting the greater variety of methods and sources of variation in minimum wage effects used since 1982, this review documents a wider range of estimates of the employment effects of the minimum wage than does the review of the first wave of studies [1]. **Nearly two-thirds of the studies** reviewed **estimated that** the **minimum wage had negative** (although not always statistically significant) **effects on employment**. Only eight found positive employment effects. **Of the 33 studies judged** the **most credible,** 28, or **85%**, **pointed to negative employment effects**. These included research on Canada, Colombia, Costa Rica, Mexico, Portugal, the UK, and the US. In particular, the studies focusing on the least-skilled workers find stronger evidence of disemployment effects, with effects near or larger than the consensus range in the US data. In contrast, few—if any—studies provide convincing evidence of positive employment effects of minimum wages.

Unemployment is worse for the poor than low wages.

ALEC 14 American Legislative Exchange Council. “Raising the Minimum Wage: The Effects on Employment, Businesses and Consumers.” March 2014. <http://www.alec.org/wp-content/uploads/Raising_Minimum_wage.pdf>

The problem plaguing America’s poor is not low wages, but rather a shortage of jobs.34 At a time when the nation’s workforce participation is only 62.8 percent, policymakers must avoid policies that destroy job opportunities.35 Increasing the minimum wage does nothing to help the unemployed poor. In fact, as discussed above, it hurts individuals looking for employment as it decreases available job opportunities. So, who is helped by an increase to the minimum wage? According to a 2012 report from the Bureau of Labor Statistics, although workers under age 25 represented only 20 percent of hourly wage earners, they made up just over half (50.6 percent) of all minimum wage earners.36 The average household income of these young minimum wage earners was $65,900.37 Among adults 25 and older earning the minimum wage, 75 percent live well above the poverty line of $22,350 for a family of four, with an average annual income of $42,500.38 This is possible because more than half of older minimum wage earners work part-time and many are not the sole earners in their households.39 In fact, 83.5 percent of employees whose wages would rise due to a minimum wage increase either live with parents or another relative, live alone, or are part of a dual-earner couple.40 Only 16.5 percent of individuals who would benefit from an increase to the minimum wage are sole earners in families with children.41 With national unemployment still hovering around 7 percent, national, state, and local demands for an increased minimum wage could not be more ill-timed.42 Increasing the minimum wage would make it more difficult for emerging businesses to expand payrolls and for existing businesses to maintain employees. Further, a higher wage rate would make it more difficult for individuals with less education and experience to find work. Raising the minimum wage favors those who already have jobs at the expense of the unemployed. Public policy would be more beneficial if it lowered barriers to entry for employment and increased economic opportunities. Raising the minimum wage may be a politically attractive policy option, but it is harmful to the very people policymakers intend it to help.

### Employment DA (Nuke War)

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**Neumark 14** David Neumark. (University of California—Irvine, USA, and IZA, Germany). “Employment effects of minimum wages: When minimum wages are introduced or raised, are there fewer jobs? Global evidence says yes.” IZA World of Labor 2014: 6 doi: 10.15185/izawol.6 | David Neumark © | May 2014 | wol.iza.org

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Mass unemployment causes nuclear war. World War 2 proves.

**Mead 94** Walter Russell Mead (Senior Fellow @ Council on Foreign Relations). “Economic Policy Institute Seminar and News Conference Regarding G-7 Jobs Conference in Detroit.” Federal News Service. March 11th, 1994.

Okay, well, as I listened to people talk this morning, I was very happy to hear that we're saying that unemployment is more than a national problem and more than a simple economic¶ problem, that the question of mass unemployment concentrated primarily among younger people and having an inevitable consequence of falling wages and work opportunities for the general¶ population is also, in the long run, a threat to the democratic legitimacy of Western governments. This is not simply a technocratic, economic problem that we want¶ to adjust 2 percent here or 1 percent there. This really goes to the heart of the question of the long-term survival of a lot of the values that we have and a lot of the institutions that we care about.¶ I'd like to add to that that unemployment is not unrelated to the question of world peace. We've had today hanging over us a couple of times mentions of hundreds of¶ millions of people in developing countries who would like to join the advanced industrial democracies in their standards of living. We've spoken of the former communist states of Europe, all¶ of whom are looking for a place at this table. Our modern economic system originated after the second world war with some very important insights, where people looked at **why did the world get into World War II**. And **a big answer was** the **mass unemployment** of the '30s that **led to fascism, that led to** a climate of **international confrontation, and** ultimately led to **war**. And the idea that full employment was central to concept of building peace after the¶ second world war. Today we tend to say that if you can get full employment at all it will follow free trade, if you -- you know, except for low interest rates and GATT there is¶ essentially no Western program today for jobs. This is putting the cart before the horse in the view of the people who sort of originally designed the post-war system, where they said that free trade was actually a consequence of full employment rather than a cause of it. And I think you can still see that in that the ink is hardly dry on the Uruguay Round agreement when the United¶ States and Japan are firing opening volleys in a trade war. So **we are talking** about **the viability of** our **democratic** systems of **government and** we are talking about **world peace** when we are talking about unemployment. What is so interesting is the -- and alarming, is the enormous gap between the gravity and intractability of the problem and the very small scale measures being proposed to deal with it. I suspect that we will see out of this job conference a very few recommendations coming forward on improving the efficiency of labor, sort of marginal improvements, and there will be essentially a throwing up of the hands in despair about this thing. All of us have spoken more or less this morning about the need for some kind of G-7 cooperation, international cooperation here. We've been talking about this for a long time, really since the Bretton Woods system broke down in the early 1970s. There have been a whole series of efforts to create some kind of international economic cooperation among the leading economies, and they have generally ended either in disaster or in platitude -- sometimes in both. I think there is a reason for this; the reason is the fallacy of composition, a fallacy of composition similar to the one that Keynes looked at, talking about how a nation can save itself into poverty, that when times are bad what makes sense for the individual household or firm is to cut back on expenses, to draw in your horns; if you're a firm to defray any new investments, and so on. This exacerbates the national problem as people stop consuming and investing. In the same way, when you have a difficult global economic climate, it makes sense for each country to try to bolster up its own finances, its own balance of trade. We've seen plenty of competitive devaluation. Indeed, here we are sitting in the international capital of competitive devaluation, widely considered in the '30s to be the most evil of all protectionist schemes, today endorsed and praised to the skies by people who enjoy reputations, even among financial journalists, if I can say so, as free traders. Competitive devaluation is a tariff, it is an attack on free trade. And yet somehow today this has become a normal part of international economic planning. What is needed? Just as Keynes argued that you needed a macroeconomic policy agency looking at what is good for the entire national economy, you also need to have agencies in the world economy, in the global economy, whose mandate is for the health of the overall global economy. The World Bank and the International Monetary Fund, the EBRD, the Inter-American Development Bank can all, I think, play a constructive role in this, although they need to have somewhat larger resources and to take a broader view of their mandates in some cases. But I think we need to clearly get beyond this notion of ever six months finance ministers sit down and issue a platitudinous communique saying, you know, basically all bad things should be reduced and all good things should be increased, and then we all go home. If we can't provide institutional, ongoing agencies for international cooperation, then we might as well just write the whole thing off. People have spoken about ideas like a global central bank. I would simply like to suggest here, rather than prescribing a lot of things, that there are ways in which a more demand-oriented, expansionary-oriented program can also be a more market-driven program and can reduce trade tensions as well as employment tensions among advanced countries. To give you just a quick example, that instead of the advanced countries spending their time squabbling with each other over agricultural subsidies, it might be interesting to look at consumption subsidies for developing countries for hungry people, underfed people in the developing world. The same money now spent, essentially wasted, on agricultural subsidies for producers, if pumped onto the consumption side of the equation could reduce regulation, free up agricultural trade, and even potentially raise incomes of farmers in developed and¶ developing countries. There are ways in which institutions with a global mandate and whose basic charter is concern for the health and growth of **the overall global economic system can relieve us of** some of our problems and address even some of our particularly **pressing political problems, such as the chaos and desperation**¶ **that is threatening** to turn Eastern Europe into an arena of, God forbid, **nuclear war**, but to make Yugoslavia, to make the Bosnian mess look like nothing, like an English soccer riot.

### Employment DA (Econ)

Global economy is growing but we’re still recovering from the recession-US is key.

Davidson 14 Paul “IMF: World economy stronger; recovery uneven” USA Today April 8, 2014 http://www.usatoday.com/story/money/business/2014/04/08/imf-global-forecast/7441869/

The International Monetary Fund said Tuesday the global recovery will gain strength this year, but it trimmed its growth forecast amid a sharp rise in Japan's sales tax and a slowdown in emerging markets. An accelerating U.S. recovery will help the world economy grow 3.6% this year, the IMF said, up from 3% in 2013 but down slightly from its 3.7% projection in January. Growth will pick up to a 3.9% pace in 2015, the fund said in advance of the spring meetings of the IMF and World Bank in Washington this week. "A recovery which was starting to take hold in October is becoming stronger but also broader," IMF chief economist Olivier Blanchard said at a press briefing Tuesday. But, he added, "the recovery remains uneven." The IMF's 2014 growth forecast for the U.S. was unchanged at 2.8%. That is the highest among advanced economies, which the IMF said are driving the global expansion. "A major impulse to global growth has come from the United States," the IMF said in its World Economic Outlook, adding that U.S. growth will pick up to 3% next year. The IMF cited more modest federal government spending cuts this year, higher household wealth, the recovering housing market and banks that are more willing to lend.

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Increasing employment drives US econ growth.

Patton 12 Mike Patton (contributor to Forbes) “The Key to Economic Growth: Reduce The Unemployment Rate!” Forbes <http://www.forbes.com/sites/mikepatton/2012/08/27/the-key-to-economic-growth-reduce-the-unemployment-rate/> JW 12/13/14

We’ve all heard how the U.S. economy has been slow to recover. In the final analysis, there is one issue which resides at the epicenter of economic growth. That is our unemployment dilemma. How important is the unemployment rate to our economic recovery? Let me put it in these terms. Employment is to economic growth what oxygen is to the human existence. You can’t have one without the other. In this article, I will present evidence to bolster the point that until the unemployment rate is brought down to a more reasonable level, our economic recovery will falter. Just The Facts The chart below illustrates how unemployment and GDP move in opposition to each other. Using data from January 1948 until the present, one can easily see the inverse relationship between the two. Upon more careful scrutiny, you will notice that most of the time GDP falls as unemployment rises and vice versa. When you calculate the correlation of these two data sets, you find it is -0.38%. As a refresher, correlation measures how closely two (or more) series of data move relative to each other. The scale is from negative one (-1) to positive one (+1). If the correlation was positive one, then it would be said that the two items moved exactly together. If negative one, then they move in the exact opposite direction. In layman terms, correlation measures how each “zigs” and/or “zags” in relation to each other. With unemployment and GDP having a correlation of -0.38%, there is a strong negative relationship. Therefore, we must get the American worker back into the labor force.

US key to the global economy.

Caploe 9 David (CEO of the Singapore-incorporated American Centre for Applied Liberal Arts and Humanities in Asia) “Focus still on America to lead global recovery” April 7th 2009 The Strait Times

IN THE aftermath of the G-20 summit, most observers seem to have missed perhaps the most crucial statement of the entire event, made by United States President Barack Obama at his pre-conference meeting with British Prime Minister Gordon Brown: 'The world has become accustomed to the US being a voracious consumer market, the engine that drives a lot of economic growth worldwide,' he said. 'If there is going to be renewed growth, it just can't be the US as the engine.' While superficially sensible, this view is deeply problematic. To begin with, it ignores the fact that **the global economy has in fact been 'America-centred' for more than 60 years. Countries** - China, Japan, Canada, Brazil, Korea, Mexico and so on - **either sell to the US or they sell to countries that sell to the US**. This system has generally been advantageous for all concerned. America gained certain historically unprecedented benefits, but the system also enabled participating countries - first in Western Europe and Japan, and later, many in the Third World - to achieve undreamt-of prosperity. At the same time, **this** deep **inter-connection** between the US and the rest of the world also **explains how the collapse of a relatively small sector of the** US **economy** - 'sub-prime' housing, logarithmically exponentialised by Wall Street's ingenious chicanery - **has cascaded into the worst global economic crisis since the Great Depression**. To put it simply, Mr Obama doesn't seem to understand that there is no other engine for the world economy - and hasn't been for the last six decades. **If the US does not drive global economic growth, growth is not going to happen.** Thus, US policies to deal with the current crisis are critical not just domestically, but also to the entire world. Consequently, it is a matter of global concern that the Obama administration seems to be following Japan's 'model' from the 1990s: allowing major banks to avoid declaring massive losses openly and transparently, and so perpetuating 'zombie' banks - technically alive but in reality dead. As analysts like Nobel laureates Joseph Stiglitz and Paul Krugman have pointed out, the administration's unwillingness to confront US banks is the main reason why they are continuing their increasingly inexplicable credit freeze, thus ravaging the American and global economies.

Econ decline causes conflict and political instability-many statistical analyses.

Royal 10 Jedediah Royal (Director of Cooperative Threat Reduction at the U.S. Department of Defense) “Economic Integration, Economic Signaling and the Problem of Economic Crises” Economics of War and Peace: Economic, Legal and Political Perspectives p. 213-214 2010

Less intuitive is how periods of economic decline may increase the likelihood of external conflict. Political science literature has contributed a moderate degree of attention to the impact of economic decline and the security and defence behaviour of interdependent states. Research in this vein has been considered at systemic, dyadic and national levels. Several notable contributions follow. First, on the systemic level, Pollins (2008) advances Modelski and Thompson's (1996) work on leadership cycle theory, finding that rhythms in the global economy are associated with the rise and fall of a pre-eminent power and the often bloody transition from one pre-eminent leader to the next. As such, exogenous shocks such as economic crises could usher in a redistribution of relative power (see also Gilpin. 1981) that leads to uncertainty about power balances, increasing the risk of miscalculation (Feaver, 1995). Alternatively, even a relatively certain redistribution of power could lead to a permissive environment for conflict as a rising power may seek to challenge a declining power (Werner. 1999). Separately, Pollins (1996) also shows that global economic cycles combined with parallel leadership cycles impact the likelihood of conflict among major, medium and small powers, although he suggests that the causes and connections between global economic conditions and security conditions remain unknown. Second, on a dyadic level, Copeland's (1996, 2000) theory of trade expectations suggests that 'future expectation of trade' is a significant variable in understanding economic conditions and security behaviour of states. He argues that interdependent states are likely to gain pacific benefits from trade so long as they have an optimistic view of future trade relations. However, if the expectations of future trade decline, particularly for difficult to replace items such as energy resources, the likelihood for conflict increases, as states will be inclined to use force to gain access to those resources. Crises could potentially be the trigger for decreased trade expectations either on its own or because it triggers protectionist moves by interdependent states.4 Third, others have considered the link between economic decline and external armed conflict at a national level. Blomberg and Hess (2002) find a strong correlation between internal conflict and external conflict, particularly during periods of economic downturn. They write: The linkages between internal and external conflict and prosperity are strong and mutually reinforcing. Economic conflict tends to spawn internal conflict, which in turn returns the favour. Moreover, the presence of a recession tends to amplify the extent to which international and external conflicts self-reinforce each other. (Blomberg & Hess, 2002. p. 89) Economic decline has also been linked with an increase in the likelihood of terrorism (Blomberg, Hess, & Weerapana, 2004), which has the capacity to spill across borders and lead to external tensions. Furthermore, crises generally reduce the popularity of a sitting government. "Diversionary theory" suggests that, when facing unpopularity arising from economic decline, sitting governments have increased incentives to fabricate external military conflicts to create a 'rally around the flag' effect. Wang (1996), DeRouen (1995). and Blomberg, Hess, and Thacker (2006) find supporting evidence showing that economic decline and use of force are at least indirectly correlated. Gelpi (1997), Miller (1999), and Kisangani and Pickering (2009) suggest that the tendency towards diversionary tactics are greater for democratic states than autocratic states, due to the fact that democratic leaders are generally more susceptible to being removed from office due to lack of domestic support. DeRouen (2000) has provided evidence showing that periods of weak economic performance in the United States, and thus weak Presidential popularity, are statistically linked to an increase in the use of force. In summary, recent economic scholarship positively correlates economic integration with an increase in the frequency of economic crises, whereas political science scholarship links economic decline with external conflict at systemic, dyadic and national levels.5 This implied connection between integration, crises and armed conflict has not featured prominently in the economic-security debate and deserves more attention.

Political stability controls the internal link to the aff. A. If our government is unstable then there is no way to implement policies meaning your plan will fail because the US will be preoccupied trying to be stable so it won’t have the resources to implement the aff and B. There’s an increased risk of a government collapse in which no policy could be implemented. C. Political stability is key to making sure your policy can be implemented in a healthy way with no backlash—since governments can control how the public will perceive the impact of policies.

Escalates to nuke war and extinction.

**Bearden 2k** Lt Col. Beardon, PhD, 2000 http://www.cheniere.org/correspondence/042500%20-%20modified.htm Lt. Col Thomas E. Bearden (retd.) PhD, MS (nuclear engineering), BS (mathematics - minor electronic engineering) Co-inventor - the 2002 Motionless Electromagnetic Generator - a replicated overunity EM generator Listed in Marquis' Who'sWho in America, 2004 The Tom Bearden Website From: Tom Bearden To: (Correspondent) Subj: Zero-Point Energy Date: Original Tue, 25 Apr 2000 12:36:29 -0500 Modified and somewhat updated Dec. 29, 2000

History bears out that desperate nations take desperate actions. **Prior to** the final **economic collapse**, the stress on nations will have increased the intensity and number of their conflicts, to the point where the arsenals of weapons of mass destruction (WMD) now possessed by some 25 nations, are almost certain to be released. As an example, suppose a starving North Korea {[7]} launches nuclear weapons upon Japan and South Korea, including U.S. forces there, in a spasmodic suicidal response. Or suppose a desperate China — whose long-range nuclear missiles (some) can reach the United States — attacks Taiwan. In addition to immediate responses, the mutual treaties involved in such scenarios will quickly draw other nations into the conflict, escalating it significantly. Strategic nuclear studies have shown for decades that, under such extreme stress conditions, once a few nukes are launched, **adversaries** and potential adversaries **are** then **compelled to launch** on **perception of preparations by one's adversary**. The real legacy of the MAD concept is this side of the MAD coin that is almost never discussed. **Without effective defense, the only chance a nation has to survive at all is to launch immediate full-bore pre-emptive strikes** and try to take out its perceived foes as rapidly and massively as possible. As the studies showed, **rapid escalation to full WMD exchange occurs**. Today, a great percent of the WMD arsenals that will be unleashed, are already on site within the United States itself {[8]}. **The resulting great Armageddon will destroy civilization as we know it, and perhaps most of the biosphere**, at least for many decades.

### Youth Employment DA (Terrorism)

International empirics confirm minimum wage increases lead to youth unemployment.

**Neumark and Wascher 6** David Neumark (Professor of Economics at the University of California at Irvine, a Research Associate at the National Bureau of Economic Research, and a Research Fellow at IZA) and William Wascher (Deputy Associate Director in the Division of Research and Statistics at the Board of Governors of the Federal Reserve System). “Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research.” National Bureau of Economic Research. November 2006.

Industrialized Countries Panel Studies **Two studies estimate minimum wage effects using data from a panel of industrialized countries,** essentially **paralleling** the **state-level panel data** studies **for the U**nited **S**tates. The first such study is a report written by economists at the Organization for Economic Co-operation and Development (OECD, 1998), who motivate their use of international comparisons to study the employment effects of minimum wages by noting that national wage floors vary considerably more across countries than over time within a country.73 The study begins by summarizing minimum wage setting and levels in OECD countries that have a national minimum wage.74 The authors construct a measure of the relative minimum wage by dividing the nominal minimum wage by median earnings of full-time workers.75 This ratio, which varied in 1997 from .36 in Spain to .69 in France, is used in a set of pooled regressions with data for seven to 71 The language barrier is not necessarily innocuous. For example, in our study of minimum wage effects in the OECD countries (Neumark and Wascher, 2004, discussed below), we find that three of the four countries with institutional settings most likely to lead to negative effects of minimum wages on employment are Englishspeaking countries (the United States, the United Kingdom, and Canada), and that the two other English-speaking countries (Australia and New Zealand) are in the set of countries with institutions that are also relatively conducive to disemployment effects. 72 There is also some emerging work on the effects of the minimum wage in transition economies (for example, Eriksson and Pytlikova, 2004), which we do not cover in this survey. 73 See also Hamermesh (2002). 74 Bazen (2000) also provides details on minimum wage setting in various OECD countries. 75 For a few countries, median earnings are not available and so mean earnings are used instead. - 74 - nine countries from 1975 to 1996.76 In particular, the authors regress the employment-population ratio on the relative minimum wage; a business cycle control (either the prime-age male unemployment rate or the output gap); institutional factors such as union density, the unemployment benefit replacement rate, and the payroll tax rate; and fixed country and year effects. **The authors’ preferred specifications**, which also control for country-specific serial correlation and heteroscedasticity, **generally show negative and statistically significant disemployment effects for teenagers**, and negative but only marginally significant or insignificant effects for 20-24 year-olds. The estimated employment elasticities for teenagers range from −.07 to −.41, with the larger estimates evident in the sample that excludes Portugal and Spain. For 20-24 year-olds, the elasticities range from −.03 to −.10, with only the latter estimate statistically significant at conventional levels. The study also reports results for adults, but these show no effect of the minimum wage on their employment rates. Although the OECD study includes a few variables to account for institutional differences across countries, critics of the cross-country approach stress the difficulty of distinguishing the impact of minimum wages from other labor market policies and institutions and stress the importance of considering how the latter may influence the impact of the minimum wage. In a general sense, a large literature has explored variation across the industrialized countries in other labor market policies and institutions, with Scarpetta (1996) and Nickell and Layard (1999), among others, presenting cross-country evidence on the effects of a variety of labor market institutions on employment and unemployment, and Blanchard and Wolfers (2000) and Belot and Van Ours (2001) emphasizing potential interactions between institutions and economic shocks, and between different types of labor market institutions. From a theoretical standpoint, Coe and Snower (1997) develop a model in which various labor market policies—including the minimum wage—can have complementary effects on labor market outcomes. To address these criticisms, **we studied** the **effects of minimum wages across** a larger number (**17**) of the **OECD countries, taking account of variation in** a variety of **labor market policies and institutions** 76 The countries included in the regression are Belgium, Canada, France, Greece, Japan, the Netherlands, Portugal, Spain, and the United States. A lack of data for Portugal and Spain limited some of the analyses to the other seven countries. - 75 - (Neumark and Wascher, 2004). The inclusion of additional countries in the analysis increases the variation in the minimum wage variable; for example, in the last year of data for each country the relative minimum wage ranges from .32 to .71, and changes within countries over the sample period range from −.18 to .08, with five countries exhibiting declines of .1 or greater. The use of additional countries also increases variation in the institutional variables included in the model, thus increasing identification along that dimension as well. The study begins with the standard panel data specification for employment, including a one-year lag of the minimum wage relative to the average wage, aggregate labor market and demographic controls, fixed country and year effects, and country-specific time trends. We also estimate a dynamic specification that includes a lagged employment rate. The models are estimated for teenagers (aged 15- 19) and youths (aged 15-24), with data extending from the mid-1970s through about 2000. **The results consistently point to negative effects of the minimum wage on employment**. For the standard model, the estimated short-run elasticities range from −.18 to −.24 for teenagers and from −.13 to −.16 for youths, with all of these estimates statistically significant. The estimated long-run elasticities from the dynamic specification are somewhat larger: roughly −.40 for teenagers and −.23 for youths. We then augment the models to control for institutional differences in other characteristics of the minimum wage policies in each country, as well as for cross-country differences in other labor market policies. Following the theoretical argument of Coe and Snower, we also include interactions of the minimum wage with indicators for these institutional and policy differences. With regard to minimum wage systems, **the strongest evidence is that the negative effect** of the minimum wage **on** teenage or **youth employment appears only in countries without a youth subminimum, consistent with the hypothesis that a higher minimum wage might induce substitution toward young workers** in such cases. There is also evidence, although somewhat weaker, that minimum wages do not result in employment losses in countries in which minimum wages are set by some type of national collective bargaining process. This evidence is consistent with the argument that collective bargaining takes more explicit account of (and hence avoids) potential disemployment effects in setting minimum wages.

Youth unemployment is the strongest internal link to terrorism; empirics prove

**Rausnitz 12** Cites the 2012 Global Terrorism Index released by the Institute for Economics and Peace. Zach Rausnitz (staff writer). “Unemployment—but not poverty—correlates with terrorism, report says.” December 13th, 2012. http://www.fiercehomelandsecurity.com/story/unemployment-not-poverty-correlates-terrorism-report-says/2012-12-13

Youth unemployment correlates with terrorism--but poverty does not, says a new report from **the I**nstitute for **E**conomics and **P**eace. The institute released its annual **report** (.pdf) on global terrorism trends Dec. 4, which **says** that the rise of **global youth unemployment will be** "**the fundamental engine of** political violence and **terror**ism" **in the future**. It points to **research** that **found** a **significant association between terror**ism **and youth unemployment in Europe from** 19**94 to** 20**07, as well as** between youth unemployment and the incidence and severity of violence **in Palestine** over time. It also says **this may explain why terrorism occurs in places with high levels of education. Highly educated people without job prospects may have more grievances** than the poorly educated unemployed, as they're more likely to have had higher expectations. If that's true, the report says transnational terrorism may lose some of its appeal in the future, since grievances that stem from unemployment are more likely to be local. **Poverty, though, does not correlate well** with terrorism, the report finds. The **countries with** the **highest levels of terror**ist attacks **tend to be lower-middle-income** countries**, not low-income** countries. Sixty-five percent of terrorists incidents, 69 percent of fatalities and 73 percent of injuries in 2011 occurred in lower-middle-income countries. Some low-income countries, like Sierra Leone, Malawi and Burkina Faso, experienced no terrorism in 2011. The institute based its report on data from the Global Terrorism Database, a project of the National Consortium for the Study of Terrorism and Responses to Terrorism.

Terrorism is the most likely existential threat

**Rhodes 9** RICHARD RHODES He has been a visiting scholar at Harvard and MIT, and currently he is an affiliate of the Center for International Security and Cooperation at Stanford University. Rhodes is the author of The Making of the Atomic Bomb (1986), which won the Pulitzer Prize in Nonfiction, National Book Award, and National Book Critics Circle Award. It was the first of four volumes he has written on the history of the nuclear age. Dark Sun: The Making of the Hydrogen Bomb (1995), Arsenals of Folly: The Making of the Nuclear Arms Race (2007), and The Twilight of the Bombs (forthcoming in autumn 2010) are the others. Reducing the nuclear threat: The argument for public safety 14 DECEMBER 2009

The response was very different among nuclear and national security experts when Indiana Republican Sen. Richard Lugar surveyed PDF them in 2005. This group of **85 experts judged that** the **possibility of** a **WMD attack** against a city or other target somewhere in the world **is real and increasing over time**. The median estimate of the risk of a nuclear attack somewhere in the world by 2010 was 10 percent. The risk of an attack by 2015 doubled to 20 percent median. **There was strong**, though not universal, **agreement that** a **nuclear attack is more likely** to be carried out **by a terrorist organization than by a government.** The group was split 45 to 55 percent on whether terrorists were more likely to obtain an intact working nuclear weapon or manufacture one after obtaining weapon-grade nuclear material. "The proliferation of weapons of mass destruction is not just a security problem," Lugar wrote in the report's introduction. "It is the economic dilemma and the moral challenge of the current age. On September 11, 2001, the world witnessed the destructive potential of international terrorism. But the September 11 attacks do not come close to approximating the destruction that would be unleashed by a nuclear weapon. Weapons of mass destruction have made it possible for a small nation, or even a sub-national group, to kill as many innocent people in a day as national armies killed in months of fighting during World War II. "The bottom line is this," Lugar concluded: "For the foreseeable future, the United States and other **nations will face an existential threat** from the intersection of terrorism and weapons of mass destruction." It's paradoxical that a diminished threat of a superpower nuclear exchange should somehow have resulted in a world where the danger of at least a single nuclear explosion in a major city has increased (and that city is as likely, or likelier, to be Moscow as it is to be Washington or New York). We tend to think that a terrorist nuclear attack would lead us to drive for the elimination of nuclear weapons. I think the opposite case is at least equally likely: **A terrorist nuclear attack would almost certainly be followed by a retaliatory nuclear strike** on whatever country we believed to be sheltering the perpetrators. **That** response **would** surely **initiate a new round of nuclear armament** and rearmament in the name of deterrence, however illogical. Think of how much 9/11 frightened us; think of how desperate our leaders were to prevent any further such attacks; think of the fact that we invaded and occupied a country, Iraq, that had nothing to do with those attacks in the name of sending a message.

# LINK DEBATE

## Seattle (15/hour)

### Perry 15

Seattle’s gradual living wage law is already causing unemployment-none of their evidence is this recent

**Perry 3-14** Mark Perry (concurrently a scholar at AEI and a professor of economics and finance at the University of Michigan's Flint campus). “Seattle’s new minimum wage law takes effect April 1 but is already leading to restaurant closings and job losses.” American Enterprise Institute. March 14th, 2015. http://www.aei.org/publication/seattles-new-minimum-wage-law-takes-effect-april-1-but-is-already-leading-to-restaurant-closings-and-job-losses/?utm\_source=facebook&utm\_medium=social&utm\_campaign=perryseattleminwage

**Seattle’s new minimum wage law** government-mandated wage floor that guarantees reduced employment opportunities for many workers goes into effect on April 1 and already the city has seen a number of restaurant closings and job losses related to the government-mandated wage hike. The law **will take effect in stages and** will **require Seattle employers to eventually pay** a minimum wage of **$15** hour by 2022, with the first increase to $11 per hour scheduled for April 1 – a 16.2% increase over the state minimum wage of $9.47 per hour. The Seattle City Council takes great pride in its “economic death wish” for the Emerald City and boasts on its website that it “unanimously approved the adoption of a $15 per hour minimum wage, making Seattle the first major city in America to take such an action to address income inequality.” That reminds of something I read recently to the effect that liberals have hearts that bleed so profusely that it often prevents oxygen from getting to their brains and results in extreme lightheadedness, and cloudy and defective decision-making. Not surprisingly, **the first reports of** Seattle **restaurant closings and job losses are** just **coming in**, here are a few: From the Washington Policy Center’s article “Seattle’s $15 wage law a factor in restaurant closings“: As the implementation date for Seattle’s strict $15 per hour minimum wage law approaches, the city is experiencing a rising trend in restaurant closures. The tough new law goes into effect April 1st. The **closings** have occurred **across the city**, from Grub in the upscale Queen Anne Hill neighborhood, to Little Uncle in gritty Pioneer Square, to the Boat Street Cafe on Western Avenue near the waterfront. The shut-downs **have idled dozens of low-wage workers**, the very people advocates say the wage law is supposed to help. **Instead of delivering the promised “living wage”** of $15 an hour, **economic realities** created by the new law **have dropped the hourly wage for these workers to zero**. Advocates of a high minimum wage said businesses would simply pay the mandated wage out of profits, raising earnings for workers. **Restaurants operate on thin margins**, though, with average profits of 4% or less, **and the business is highly competitive**. When prices rise consumers seek alternatives, a behavior economists call the “substitution effect,” which results in lower demand for the higher-priced product. In the case of restaurants, consumers have access to the ultimate substitution – they can stay home. Fewer people will be able to afford to dine out, and as a result there will be fewer great restaurants to enjoy. People probably won’t notice when some restaurant workers lose their jobs, but **as prices rise and** some **neighborhood businesses close,** the **quality of life** in urban Seattle **will become** a little bit **poorer**. From the Seattle Magazine article “Why Are So Many Seattle Restaurants Closing Lately?“: For Seattle restaurateurs recently, there is also another key consideration. Though none of our local departing/transitioning restaurateurs who announced their plans last month have elaborated on the issue, another major factor affecting restaurant futures in our city is the impending minimum wage hike to $15 per hour. Starting April 1, all businesses must begin to phase in the wage increase: Small employers have seven years to pay all employees at least $15 hourly; large employers (with 500 or more employees) have three. Since the legislation was announced last summer, The Seattle Times and Eater have reported extensively on **restaurant owners**’ many concerns about how to compensate for the extra funds that will now be required for labor: They **may need to raise menu prices, source poorer ingredients, reduce** operating **hours,** reduce their **labor and**/or **more**. **Washington Restaurant Association’s** Anthony **Anton puts it** this way**:** “It’s not a political problem; it’s a math problem.” He estimates that a common budget breakdown among sustaining Seattle restaurants so far has been the following: 36 percent of funds are devoted to labor, 30 percent to food costs and 30 percent go to everything else (all other operational costs). The remaining 4 percent has been the profit margin, and as a result, in a $700,000 restaurant, he estimates that the average restauranteur in Seattle has been making $28,000 a year. With the minimum wage spike, however, he says that if restaurant owners made no changes, the labor cost in quick service restaurants would rise to 42 percent and in full service restaurants to 47 percent. “Everyone is looking at the model right now, asking how do we do math?” he says. **“Every operator I’m talking to is in panic mode**, trying to figure out what the new world will look like. Seattle is the first city in this thing and everyone’s watching, asking how is this going to change?”

## Neumark 14

### 2NR Weighing Module

Prefer my evidence.

A. 85% consensus is huge indicator that all the good studies go neg-prefer scholarly evidence comparison over evidence comparison done by debaters since they spend years isolating studies and their effects.

B. The tiebreaker on the empirics debate is the fact that basic economic principles go neg-higher labor costs means less labors-if empirics defy the laws of economics its an indicator my evidence is more likely to be accurate.

C. This is the best study on the topic-unbiased and incredibly qualified.

Berman 11 Rick Berman (Washington DC based lawyer, PR executive, and former lobbyist). “A Consensus In Favor Of Wage Mandates?” Employment Policies Institute. January 6th, 2011. http://www.epionline.org/oped/o198/

The Economic Policy Institute is not alone in this strategy: The liberal Center for American Progress just released a report on “living wage” laws, and one of its authors has a bachelor’s degree in philosophy and was previously co-director of a living wage advocacy group. On the flip side, **a comprehensive survey of two decades of** minimum wage **research by** Drs. David **Neumark and** William **Wascher** (of the University of California, Irvine, and the Federal Reserve Board, respectively) **found** that **85% of the best studies** on the impact of government-ordered wage hikes **pointed to employment losses** following an increase in the minimum wage. Unlike those described above, **Neumark and Wascher have no partisan axe to grind** in the minimum wage fight, and they’re pushing no agendas. Rather, **they are respected labor economists chronicling economic research on the minimum wage** — the overwhelming majority of which shows a higher minimum wage reduces employment. **The Joint Economic Committee during** President **Clinton’s tenure came to the same conclusion**. Even the very first secretary of labor under Franklin Delano Roosevelt noted that job losses were connected to the minimum wage. You can believe decades of consensus. Or you can choose to believe the 665 “experts” who say that the minimum wage has no impact on employment. As the White Queen said to Alice, “Why, sometimes I’ve believed as many as six impossible things before breakfast.”

### Lit Review > Meta-analyses

Prefer literature review to meta-analysis.

Neumark and Wascher 6 David Neumark (Professor of Economics at the University of California at Irvine, Research Associate at the National Bureau of Economic Research, and Research Fellow at IZA) and William Wascher (Deputy Associate Director in the Division of Research and Statistics at the Board of Governors of the Federal Reserve System). “Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research.” National Bureau of Economic Research. November 2006. <http://www.nber.org/papers/w12663.pdf>

In putting together this review, we have intentionally foregone a formal meta-analysis in favor of a traditional narrative review that attempts to provide a sense of the quality of the research and tries to highlight and synthesize the findings that we regard as more credible. Given the many different types of employment effects estimated in the literature, and the considerable variation in approaches and in the quality of the research, lumping the studies into one meta-analysis does not seem the best way to make sense of the literature. And meta-analysis is even less useful when the underlying theory does not provide uniform predictions about the effects of the minimum wage in every study. Thus, while we recognize that a narrative review introduces an element of subjectivity into the discussion, we felt that it would be more useful to present our arguments and assessments of the evidence, and invite readers to form their own opinions based on them. To assist in digesting what is a very lengthy review of the evidence, we have collected nearly all of the studies we summarize into a set of four tables covering different types of studies, including a brief summary of the minimum wage change variation and the group studied, the data used, the results, and what we regard as the most important criticisms. In these tables, we highlight the studies that we regard as providing the most convincing evidence on the employment effects of minimum wages.

## Meer and West 13

### Net Job Growth

Higher minimum wage reduces net job growth.

Meer and West 13 Jonathan Meer and Jeremy West (Texas A&M University). “Effects of the Minimum Wage on Employment Dynamics.” December 2013. http://econweb.tamu.edu/jmeer/Meer\_West\_Minimum\_Wage.pdf

**We examine how a wage floor impacts employment by directly assessing employment dynamics. In a worker search and matching model** (e.g. Acemoglu, 2001; Flinn, 2011), **a minimum wage has two opposing effects** on employment: it **reduces demand for new workers by raising** the **marginal cost of an employee, while inducing additional search effort** from unemployed workers**, potentially improving** the **employee-employer match quality**. The theory shapes our understanding of how a minimum wage affects employment, but the equilibrium result is an empirical question. We provide both theoretical and empirical reasons to believe that an effect of the minimum wage should be most pronounced on net job growth. In addition, we conduct a simulation showing that the common practice of including state-specific time trends will attenuate the measured effects of the minimum wage on employment if the true effect is in fact on the rate of job growth. **We examine** the effects in **three separate data sets and find that the results are similar** both **qualitatively and quantitatively:** the **minimum wage reduces net job growth**. The results for job creation show that, in equilibrium, **any supply-side effects on search** (and the potential increase in the quality of employer-employee matches) **do not overcome** the **negative demand-side effects of higher labor costs**. The lack of strong effects on job destruction is in line with the literature on the fixed costs of labor and firing aversion. More importantly, we find that on net the minimum wage meaningfully affects employment via a reduction in the rate of long run job growth.

### Dynamics First

Your studies talk about employment levels but not employment dynamics, i.e. creation and destruction of existing jobs. Prefer my evidence since it accounts for dynamics.

Meer and West 13 Jonathan Meer and Jeremy West (Texas A&M University). “Effects of the Minimum Wage on Employment Dynamics.” December 2013. http://econweb.tamu.edu/jmeer/Meer\_West\_Minimum\_Wage.pdf

**To date, nearly all studies of** the **minimum wage and employment have focused on how a** legal **wage floor affects the employment *level***, either for the entire labor force or a specific employee subgroup (e.g. teenagers or food service workers). We argue that, in a Diamond (1981)-type worker search and matching framework, an **effect of the minimum wage should be more apparent in employment *dynamics* –** that is, in the **actual creation** of new jobs by expanding establishments **and** the **destruction of** existing **jobs** by contracting establishments. Diamond argues that **transitions to a new employment steady state may be slow, such that it may take some time for any effect** of the policy **to be visible in the employment level**. In addition to this theoretical foundation, there are several empirical reasons for why effects of the minimum wage should be detected more clearly in job growth than in employment levels. A critical factor is that, unlike many treatments studied in the program evaluation literature, the identifying variation consists of relatively small and temporary changes in a state’s real minimum wage, which are soon dissipated by inflation and increases by other states; we confirm this empirically in Section 2.2. As a result, there is often insufficient time for even sizable effects on the rate of job growth to be reflected in the level of employment.

## Neumark and Adams 5 (Contractors)

### U/E

Living wage ordinances cause unemployment-this confirms earlier findings.

Neumark and Adams 5 David Neumark (Senior Fellow at the Public Policy Institute of California, Professor of Economics at Michigan State) and Scott Adams (Assistant Professor of Economics at University of Wisconsin, Milwaukee) “The Effects of Living Wage Laws: Evidence from Failed and Derailed Living Wage Campaigns” NBER WORKING PAPER SERIES 11342 May 2005 http://www.nber.org/papers/w11342 JW 2/27/15

The results confirm the findings of positive wage effects and negative employment effects of enacted living wages on low-wage, low-skill workers. In fact, the findings are generally very similar to the previous results using a broader control group. The evidence also suggests that there is no detectable impact of living wage campaigns themselves, apart from the legislation that results. The robustness of the findings to narrowing the control group to cities with failed or derailed living wage campaigns suggests that the more basic panel data research design recovers unbiased estimates of the effects of living wage laws. Recall that this seemed a particularly important question to explore in the context of living wages because others have argued that the rather large effects we have found may be partly attributable to the effects of campaigns; that is, some skepticism has been directed toward our estimates precisely on the basis of the type of argument we address in this paper. More generally, in empirical analyses of this type that identify effects of policies from variation in policies over geographical areas and time, there is a legitimate concern that the policy variation may be endogenous, so that apparent effects of the policy are in fact a reflection of changes that drove the policy variation, rather than the other way around. The robustness of the estimates of living wage effects that we find therefore suggests a couple of conclusions. First, the wage and employment effects we find are in fact not attributable to the effects of living wage campaigns, but rather to the effects of the laws themselves; in that sense, our analysis solidifies the existing findings. Nor are they likely attributable to endogeneity of the locations where living wage laws arise. Finally, in this particular context the reason we do not find a different answer using the control group of failed and derailed campaigns is that the usual toolkit applied in panel data contexts, including fixed city and year effects, and city-specific time trends, turns out to do enough to capture the important differences between the treatment and control group.24

### Prefer Methodology

Best methodology right here.

Neumark and Adams 5 David Neumark (Senior Fellow at the Public Policy Institute of California, Professor of Economics at Michigan State) and Scott Adams (Assistant Professor of Economics at University of Wisconsin, Milwaukee) “The Effects of Living Wage Laws: Evidence from Failed and Derailed Living Wage Campaigns” NBER WORKING PAPER SERIES 11342 May 2005 http://www.nber.org/papers/w11342 JW 2/27/15

Specifically, the cities with unsuccessful living wage campaigns offer three advantages relative to earlier research. First, these cities arguably provide a better control group for comparison with the cities that passed living wage laws, as underlying changes in low-wage labor markets that may have been associated with living wage laws are more likely to have been similar in cities where living wage campaigns arose. Second, the cities with failed or derailed living wage campaigns allow us to estimate the effects of living wages more directly, by netting out the possible consequences of changes that accompany living wage campaigns, stemming from influences such as increased organizing among lowwage workers and increased public focus on their conditions and wages. With respect to both of these points, it might be expected that smaller living wage effects on wages and employment would result, compared with evidence based on comparisons with the broader set of cities that simply did not pass living wage laws—irrespective of whether a living wage campaign occurred. And third, our approach yields estimates of the effects of living wage campaigns themselves.

## Expert Consensus

### Consensus goes neg

Economist consensus goes neg. Living wage causes poverty and unemployment

**Verespej 2k** Michael Verespej (staff writer for IndustryWeek). “Can living wage work?” IndustryWeek. September 18th, 2000. http://business.highbeam.com/5460/article-1G1-65352027/can-living-wage-work

Despite the passage of a variety of living-- wage bills in more than 40 U.S. communities during the last few years, there's little empirical data to indicate whether such government mandates for higher-than-minimum-wage starting salaries have improved the economic status of entry-level workers or led to fewer workers being hired, or both. But **a nationwide survey of 336 labor economists** released last month **predicts that if a national living-wage** standard **were enacted**-one that mandated entry-level salaries of one and a half times to three times the current U.S. minimum wage of $5.15/hour-the results would be mixed. For example, more than three-quarters of the economists surveyed by the University of New Hampshire Survey Center say that a national living wage would cause employers to hire workers with better skills and experience. However, **three-fourths** also **believe employment loss**es **would occur**. Some 31% predict that a national living wage would reduce poverty rates, while **43% suggest it would increase** the **poverty** level. At the local level, if a living wage 150% to 200% higher than the current minimum were enacted, **71%** of economists **believe it would decrease the number of hires, and 68%** of respondents **say it would cause companies to hire workers with better skills** or experience.

### Prefer Consensus

Prefer expert consensus

**LaBossiere 14** Mike LaBossiere (blog contributor). “Picking between Experts.” Talking Philosophy. January 29th, 2014. http://blog.talkingphilosophy.com/?p=7755

3. The claims made by the expert are consistent with the views of the majority of qualified experts in the field. This is perhaps the most important factor. **As a general rule, a claim** that is **held as correct by the majority of qualified experts in the field is** the **most plausible** claim. The basic idea is that **the majority of experts are more likely to be right than those who disagree** with the majority. It is important to keep in mind that no field has complete agreement, so some degree of dispute is acceptable. How much is acceptable is, of course, a matter of serious debate. It is also important to be aware that the majority could turn out to be wrong. That said, the reason it is still reasonable for non-experts to go with the majority opinion is that non-experts are, by definition, not experts. After all, **if I am not an expert** in a field**, I would be hard pressed to justify picking the expert I happen to** like or **agree with against the view of the majority** of experts.

## A2 Other Studies

### A2 Case Studies

Reject case studies; large sample size is key.

Neumark and Wascher 6 David Neumark (Professor of Economics at the University of California at Irvine, Research Associate at the National Bureau of Economic Research, and Research Fellow at IZA) and William Wascher (Deputy Associate Director in the Division of Research and Statistics at the Board of Governors of the Federal Reserve System). “Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research.” National Bureau of Economic Research. November 2006. <http://www.nber.org/papers/w12663.pdf>

our concerns about drawing broad inferences from case studies of the effects of a particular minimum wage increase. Although case studies of a minimum wage increase in one state that provide estimates for total employment or for a variety of industries do not suffer from the same problems faced by studies that focus on one particular industry, they still are subject to biases associated with demand shocks or sampling variation that might be correlated with the minimum wage increase. In contrast, a larger panel data study that averages over many episodes of minimum wage increases is more likely to produce reliable results because other unobserved shocks will tend to average out and because sampling variation will be smaller.

### A2 Card and Krueger 94

1. Card and Krueger’s findings are distorted by employer circumvention of regulations.

Boudreaux 9 Don Boudreaux (Department of Economics at George Mason University). “New Study Casts Doubt on Card-Krueger.” Café Hayek. September 8th, 2009. http://cafehayek.com/2009/09/new-study-casts-doubt-on-card-krueger.html

Here’s a second letter that I sent today to the New York Times: Gary Chaison misses the real, if unintended, lesson of the Russell Sage Foundation **study** that **finds that low-skilled workers** routinely **keep working for employers who violate** statutory **employment regulations such as** the **minimum-wage** (Letters, September 8). **This real lesson is that** economists’ **conventional wisdom about the negative consequences of the minimum-wage likely is true after all**. Fifteen years ago, David Card and Alan Krueger made headlines by purporting to show that a higher minimum-wage, contrary to economists’ conventional wisdom, doesn’t reduce employment of low-skilled workers. **The RSF study casts** significant **doubt on Card-Krueger. First, because the minimum-wage** itself **is circumvented** in practice**, its negative effect on employment is muted**, perhaps to the point of becoming statistically imperceptible. **Second,** employers’ and employees’ **success at evading other employment regulations – such as mandatory overtime pay – counteracts the minimum-wage’s effect of pricing many low-skilled workers out of the job market**. Sincerely, Donald J. Boudreaux

2. Card and Krueger analyzed the wrong stuff.

Worstall 11 Tim Worstall (Forbes contributor). “Alan Krueger’s Mistake on the Minimum Wage.” Forbes. August 31st, 2011. http://www.forbes.com/sites/timworstall/2011/08/31/alan-kruegers-mistake-on-the-minimum-wage/

However, I now want to go on and make a much stronger claim: **Card and Krueger were looking for** their **evidence in the wrong place**. A mistake which I would and do argue means that whatever they found where they were looking the result just isn’t either interesting or important. Brave words from someone like me about the academic research done by someone who has just been appointed Chair of the Council of Economic Advisers but bear with me a moment. **It isn’t** actually **correct to regard** the **fast food chains** (which is what Card and Krueger studied) **as the fast food industry**. There are two very different groups that make up that industry as a whole. Firstly there are the chains, yes. The Burger Kings, Arby’s and the like which were studied. Then there’s the other part, the independents. The delis, Mom and Pop stores, meatball and subs places, these make up the second part of the fast food industry. Now, something that might not be obvious from the outside but is very much so from those who have worked in the industry (yes, that would be me) is that **the independent sector is** much **more labour intensive than the chain sector**. The chains are better equipped, differently supplied (things as seemingly trivial as buns for hamburgers arriving pre-cut instead of having to be sliced open in store) and labour as a portion of turnover is much lower (and capital correspondingly higher) than in that independent sector. So, if the price of labour rises, we would traditionally say that the amount of labour used in the entire sector, independents and chains, would decline. However, we would expect the use of labour to decline more in the independent, the more labour intensive, sector than in the chain, the capital intensive sector. In fact, **we can construct** entirely **believable models which show employment rising**, falling **or staying stable in the chain sector while labour employed in fast food as a whole declines from the rise in** the **cost of labour**. For example, **the rise might be sufficiently severe that a** goodly **portion of the independent sector** simply **goes out of business**. This could increase the trade of the chain sector sufficiently that labour demand there rises despite (or even because of) the rise in labour costs. Please note, I’m not saying that is what happened: only that it is possible and entirely consistent with simple basic economic understanding. By studying only one part of the sector we don’t in fact find out anything useful at all about the entire sector’s response to a change in the minimum wage. By looking only at the response of the capital intensive part we are ignoring the response of the labour intensive part. It really is possible that a minimum wage rise will increase the demand for labour in the capital intensive, chain, sector while reducing it by more in the labour intensive, independent, sector. Which leads to an interesting conclusion: it doesn’t actually matter whether the chain restaurant employment rose or fell as a result of the minimum wage rise. **Doesn’t matter whether Card and Krueger were right** or wrong in their original findings**. As they weren’t looking in the right place, employment across the entire fast food sector, they couldn’t find the answer we wanted**. Does a rise in the minimum wage reduce the number employed in minimum wage jobs? That is what we want to know but unfortunately the original study structure makes it impossible to derive an answer to that question from the study.

3. Card and Krueger don’t even analyze payroll records. Taking into account payroll records proves Card and Krueger are wrong.

EPI 96 Employment Policies Institute. “The Crippling Flaws in the New Jersey Fast Food Study.” 2nd Edition. April 1996. https://www.epionline.org/wp-content/studies/epi\_njfastfood\_04-1996.pdf

Normally, the fact that politicians refer to an economic study does not make news. But this case is different: **the New Jersey fast food study** has been proven wrong. It **is based on seriously flawed employment data. The data set** used in the New Jersey study **bears no relation to numbers drawn from** the **payroll records** of the restaurants the New Jersey study claims to cover. The New Jersey study was wholly discredited more than a year ago when this new information came to light. The media reported on the study using terms such as "snake oil," "dubious numbers," "grossly inaccurate," and "plain wrong." For months, no public figure dared mention the study to support a higher minimum wage. Today, however, leading policymakers are again citing the New Jersey study as fact. These individuals have chosen to ignore reality, intentionally misleading the public and attempting to set public policy on the basis of discredited research. It is time to set the record straight -- again. The following can be summarized in three simple statements: **The** New Jersey fast food **study has been re-estimated using payroll records rather than** the badly flawed **telephone surveys** used in the original study. **The results,** compiled by independent economists, are not surprising**: there was significant job loss** stemming from New Jersey's decision to increase the state's minimum wage in 1992. Since the release of the first edition of this report (April 1995), additional problems have been identified in the Card-Krueger data set -- particularly in their attempts to measure price fluctuations as a response to increases in labor costs. The data base used in the New Jersey fast food study is so bad that no credible conclusions can be drawn from the report. The truth about the New Jersey fast food study is clear and irrefutable. The data and the conclusions of the study are seriously flawed. **It is unconscionable for those who set national minimum wage policy to ignore this evidence** and mislead the American people.

4. Card & Krueger use poor controls, short timeframe, and shoddy data.

Neumark and Wascher 6 David Neumark (Professor of Economics at the University of California at Irvine, Research Associate at the National Bureau of Economic Research, and Research Fellow at IZA) and William Wascher (Deputy Associate Director in the Division of Research and Statistics at the Board of Governors of the Federal Reserve System). “Minimum Wages and Employment: A Review of Evidence from the New Minimum Wage Research.” National Bureau of Economic Research. November 2006. <http://www.nber.org/papers/w12663.pdf>

In general, the criticisms of the case study approach focused on three main issues. The first is the question of adequacy of the control groups used in the studies, a concern emphasized by both Hamermesh and Welch. On its face, for example, it seems reasonable to question the use of Georgia, Florida, and Dallas/Ft. Worth as adequate control groups in Card’s (1992b) study of the California minimum wage increase, given that these places are far from California and likely influenced by very different demand conditions. But even for states with close geographic proximity, using one state as a control may be problematic. For example, Deere et al. (1995) pointed out that teenage employment rates (as measured by the CPS) in New Jersey diverged significantly from those in Pennsylvania beginning in 1988, casting doubt on Card and Krueger’s claim that Pennsylvania represents a sensible control group with which to compare New Jersey. More broadly, Hamermesh questioned the practicality of this entire approach for - 30 - studying the effects of minimum wages, noting that the variance in employment seems to be dominated by demand shocks, which suggests that “any changes in the relative demand shocks” affecting two geographic areas will easily “swamp the effect of a higher minimum wage” (p. 837). Second, in each of the fast-food case studies from the first round of the new minimum wage research, the post-treatment observation comes less than a year after the relevant minimum wage increase (and sometimes much less so). As we noted earlier, there is substantial empirical evidence that the disemployment effect of an increase in the minimum wage may occur with a lag of one year or more, suggesting that these case studies may understate the effect of a minimum wage hike and even fail to detect a negative effect. For the same reason, both Brown and Freeman, in their reviews of Myth and Measurement, speculate that these studies are more appropriate for examining the short-run effects of minimum wage changes than for estimating their long-run effects, a point made more significant by the findings of Baker et al. (1999). Third, some observers have questioned the reliability of the data used in these case studies. This obviously is less of a concern for Card (1992b), who used publicly available data from the CPS. But Katz and Krueger (1992), Spriggs and Klein (1994), and Card and Krueger (1994) all conducted their own telephone surveys of fast-food restaurants, which were not subject to the same rigorous standards as those used to develop the surveys used in government statistical programs. Indeed, Welch (1995) notes that these authors provide little documentation about the survey methodology or data collection process, and he expresses significant doubts about the quality of the data, noting in particular some puzzling features of the sample collected by Card and Krueger (1994). Likewise, in Neumark and Wascher (2000), we document what seems to us to be an unusually high degree of volatility in the employment changes measured with Card and Krueger’s data.24

### A2 Pollin and Luce 98

Pollin and Luce is bad evidence.

Neumark and Adams 3 David Neumark (Senior Fellow at the Public Policy Institute of California, Professor of Economics at Michigan State) and Scott Adams (Assistant Professor of Economics at University of Wisconsin-Milwaukee). “Do Living Wage Ordinances Reduce Poverty?” The Journal of Human Resources. 2003.

The best-known work on living wages is the book by **Pollin and Luce** (1998, hereafter PL). Although the primary purpose of this book was to advocate living wages as a viable poverty-fighting tool, it is a useful starting point for research on the subject. PL argue that living wage ordinances will deliver a higher standard of living for low-income families. They also posit that such legislation will reduce government subsidy/transfer payments to working families.8 This work **is problematic.** First, **PL’s calculations** regarding improved living standards and reduced subsidy/transfer payments **are based on a family of four in L**os **A**ngeles **with a single wage earner, despite** the facts (given in their book) **that** (i) **only 42 percent** of those **earning at or below the L**os **A**ngeles **living wage are the single wage earner** in a family, and (ii) the average family size for these workers is 2.1, indicating that on average people potentially affected by living wages are not supporting a family of four. Second, **PL do not** attempt to **estimate whether there are disemployment effects or hours reductions** from living wages, but instead assume no such effects. If either results from a living wage increase, then some families may suffer potentially sizable income declines. On the other hand, it is no surprise that calculations based on raising wages of low-wage workers while assuming no employment or hours reductions will look beneficial to low-wage workers and to some extent to low-income families. In short, **PL’s work cannot be viewed as reliable empirical evidence** on the effects of living wages on low-income families. Despite this, calculations paralleling PL’s have been used to evaluate proposed ordinances in other cities (for example, Reynolds 1999). Not surprisingly, given the assumptions, these evaluations reach similar conclusions.

### A2 Dube et al 10/Allegretto et al 11

These Dube studies are DUBE-ious.

Neumark et al 13 David Neumark (Department of Economics, University of California at Irvine) J.M. Ian Salas, Department of Economics, University of California, Irvine) William Wascher, Federal Reserve Board, “REVISITING THE MINIMUM WAGE-EMPLOYMENT DEBATE: THROWING OUT THE BABY WITH THE BATHWATER?” NBER WORKING PAPER SERIES, Working Paper 18681, January 2013, http://www.nber.org/papers/w18681

Given the ongoing ebb and flow of this debate, it would have been shortsighted to think that the 2008 book that two of us wrote (Neumark and Wascher, 2008), despite surveying a massive amount of evidence, would have settled the issue. And indeed it has not. In particular, echoing long-standing concerns in the minimum wage literature, Dube et al. (2010) and Allegretto et al. (2011) attempt to construct better counterfactuals for estimating how minimum wages affect employment. When they narrow the source of identifying variation – looking either at deviations around state-specific linear trends or at within-region or within-county-pair variation – they find no effects of minimum wages on employment, rather than negative effects. Based on this evidence, they argue that the negative employment effects for low-skilled workers found in the literature are spurious, and generated by other differences across geographic areas that were not adequately controlled for by researchers.¶ The analysis in this paper, however, provides compelling evidence that their methods are flawed and lead to incorrect conclusions. In particular, the methods advocated in these studies do not isolate more reliable identifying information (i.e., a better counterfactual). In one case – the issue of state- specific trends – we explicitly demonstrate the problem with their methods and show how more appropriate ways of controlling for unobserved trends that affect teen employment lead to evidence of disemployment effects similar to that reported in past studies. In the other case – identifying minimum wage effects from the variation within Census divisions or, even more narrowly, within contiguous cross- border county pairs – we show that the exclusion of other regions or counties as potential controls is not supported by the data. We think the central question to ask is whether, out of their concern for avoiding minimum wage variation that is potentially confounded with other sources of employment change, ADR and DLR have thrown out so much useful and potentially valid identifying information that their estimates are uninformative or invalid. That is, have they thrown out the “baby” along with – or worse yet, instead of – the contaminated “bathwater”? Our analysis suggests they have. Moreover, despite the claims made by ADR and DLR, the evidence that their approaches provide more compelling identifying information than the standard panel data estimates that they criticize is weak or non-existent.¶ In addition, when the identifying variation they use is supported by the data, the evidence is consistent with past findings of disemployment effects. Moreover, when we let the data determine the appropriate control states to use for estimating the effects of state minimum wage increases in the CPS data, we find stronger evidence of disemployment effects, with teen employment elasticities near −0.3. The findings from similar analyses of restaurant employment in the QCEW data are a bit more mixed, but the weighted estimates again point to negative employment effects (with smaller elasticities of around −0.05). Thus, our analysis substantially undermines the strong conclusions that ADR and DLR draw – that there are “no detectable employment losses from the kind of minimum wage increases we have seen in the United States” (DLR, 2010, p. 962), and that “Interpretations of the quality and nature of the evidence in the existing minimum wage literature ..., must be revised substantially” (ADR, 2011, p. 238).

### A2 Reich et al 5

There’s no control group in the study—no way of knowing if increases in employment were from living wage or exogenous factors.

Holzer 8 Harry J. Holzer (Georgetown University, Urban Institute and Institute for the Study of Labor) “Living Wage Laws: How Much Do (Can) They Matter?” Discussion Paper No. 3781, October 2008, http://www.econstor.eu/bitstream/10419/35422/1/58433673X.pdf

For instance, Reich et al. (2005) have analyzed the extension of San Francisco’s living wage law in 1999 to cover workers at San Francisco International Airport. They combine data from establishments at the airport, surveys of workers there, and administrative data. The study finds strong positive effects on the lowest-paid workers’ wages and reductions in inequality across worker groups. The positive effects at the bottom of the spectrum generate “ripple” effects on wages above those levels. They also find evidence of lower turnover and improved morale among workers. Additional costs to employers are estimated to be less than 1 percent of revenue. Finally, they find no evidence of reduced employment between 1998 and 2001; indeed, employment at the airport rose considerably over this time period. However, it is noteworthy that this study contained no control group at all. A new international terminal was opened at the airport during this time period, and no doubt the terminal contributed importantly to rising employment. Absent the extension of the living wage law, it is impossible to know what the counterfactual level of employment would be, and whether or how much decline there might have been because of that extension.

### A2 Monopsony

Monopsony doesn’t apply to minimum wages.

Henderson 15 David Henderson (Associate Professor of Economics at the Graduate School of Business and Public Policy, Naval Postgraduate School in Monterey, California) “Reply to Student on Minimum Wage” Library of Economics and Liberty February 4th 2015 <http://econlog.econlib.org/archives/2015/02/reply_to_studen.html> JW 3/5/15

So how do they argue for the minimum wage not having these effects? Here comes the devil's advocate part. They would say, "No, David, you're right if employers are hiring based on their demand curve. But we think there are pockets of monopsony (monopoly on the buyer's side) throughout the economy. When there's monopsony, employers, unconstrained by a minimum wage, will hire up to point where the value of marginal product equals the marginal factor cost. If employers have monopsony power,that is, if they on their own face an upward-sloping supply curve of labor, they know that a 10 cent increase granted to keep or hire one employee will not cost them only 10 cents: it will cost them 10 cents times the number of employees in that skill category. So the marginal factor cost is much more than than 10 cents an hour. So they keep wages lower than otherwise. A skillfully set minimum wage can cause employment to increase." That monopsony explanation could explain why the reduction in jobs from a given minimum wage is not large. On the one hand, the standard analysis is right for the parts of the economy where there's no monopsony: in those parts, the minimum wage increase will cause the number of workers employed to fall. On the other hand, in the parts of the economy where there is monopsony, the minimum wage increase, if small enough, will cause the number of jobs to rise. Net effect: a small loss in jobs. Now to my argument against the devil. I don't find the monopsony claim persuasive. Monopsony requires that the employer have no or few competitors trying to hire the same kind of labor. It is precisely the fact that the workers are unskilled that gives them many potential employers. Now to the second part of your question. I think my first job, mopping floors and cleaning the bathrooms in the basement of the main building at the Minaki Lodge in Minaki, Ontario, paid slightly above the minimum wage. I didn't even think to ask. I was 16 and didn't even know the term "minimum wage." But when I was 21, I quit a relatively high-paying summer internship in the Canadian government bureaucracy, where I was learning very little, so that I could work as an unskilled laborer for some friends in southern Ontario who were installing swimming pools. They paid me the minimum wage at that time. We worked 6 days a week and typically 10 hours a day. So I made good money. They didn't pay me overtime even though, I'm guessing, the law required them to. By that time, I understood a lot about labor markets, having studied a lot of economics in those intervening years, and it never occurred to either them or me to have extra pay for overtime. Both sides understood that what we had agreed on was a good deal for all concerned.

# IMPACT DEBATE

### A2 Econ Link Turns

It’s impossible to determine how much demand increases will help the economy, but we can determine employment effects.

Worstall 13 Tim Worstall (contributor). “Nick Hanauer's Near Insane $15 An Hour Minimum Wage Proposal.” Forbes. June 21st, 2013. http://www.forbes.com/sites/timworstall/2013/06/21/nick-hanauers-near-insane-15-an-hour-minimum-wage-proposal/

Do recall that up at the top we agreed that there will be two effects of a minimum wage rise. And we can even estimate how many new jobs will be created by a $45 billion injection into demand [in the economy](http://www.forbes.com/sites/timworstall/2013/02/17/greg-mankiws-excellent-question-why-a-9-minimum-wage-why-not-90-or-90-cents/): In a $15 trillion economy that’s not actually something we would note. We don’t actually measure the numbers accurately enough to be even able to recognise a $1 billion change in the aggregate economy. Or, take this from one of the studies of the stimulus (and yes, this is one that showed that it worked): The stimulus created 2 million jobs in its first year, and 3.2 million by March 2011. OK, for $800 billion or so we got 3.2 million jobs. For $1 billion we’ll get, presumably, one eight hundredth of that: 4,000 jobs? Recall, the employment numbers come with error bars: as I recall it those error bars being 150,000 either way. **We** simply **don’t measure the economy accurately enough** for us **to ever know whether a rise in the minimum wage would increase aggregate demand enough to increase employment**. If $1 billion gets us 4,000 jobs then $45 billion will get us 180,000 jobs. And do **note**, **that’s before** the **disemployment effects** of the new and higher minimum wage. **That’s** the **gross, not** the **net, effect of** our **more demand** in the economy. Or, to put that in context, around and about the same number of net jobs that the US economy is currently producing each and every month. That’s a simply trivial (and please, recall that that’s a gross, not net, effect) effect in an economy the size of the US. Hanauer: An objection to a significant wage increase is that it would force employers to shed workers. Yet the evidence points the other way: Workers earn more and spend more, increasing demand and helping businesses grow. Well, let’s actually look at that. We’ve already got an estimate of the number of jobs that would be created. **So, what do we know about how many jobs would be lost?** The important point is what is the minimum wage as a percentage of the median wage: **The important part** here **is not what the minimum wage** actually **is, but what is it as a percentage of average wage**? Which brings us to this research. The minimum wage bites, begins to have serious effects upon employment rates, when it is more than 45-50% of the average wage. **Below 40**%, maybe as high as 45%, **it has very little effect** essentially **because very few people ever get paid less than that 40 ish percent of the average wage**. And **we have** further **evidence** here **from New Zealand,** here **from** my native **UK**. Note that if the minimum wage is having disemployment effects then we would expect those effects to be concentrated among the young and untrained. And **we** do indeed **see very high unemployment** rates **among the young and untrained where there is a high minimum wage**. Just to point out again the US median wage is $16.71 an hour. **Hanauer is proposing a minimum wage of 90% of median wages. This would have**, from everything we know, **large effects on unemployment**. Certainly far larger than the one time creation of 180,000 jobs coming from the effect on the rise in disposable income. So much so that it’s very difficult indeed to see that there will in fact be a rise in disposable income. My bet is that there would be more than 180,000 job losses and thus disposable income, on net, would actually fall.

Prefer unemployment empirics to theoretical claims about increased demand.

Worstall 13 Tim Worstall (contributor). “Nick Hanauer's Near Insane $15 An Hour Minimum Wage Proposal.” Forbes. June 21st, 2013. http://www.forbes.com/sites/timworstall/2013/06/21/nick-hanauers-near-insane-15-an-hour-minimum-wage-proposal/

As basic background there are two effects of a minimum wage. **There is, as Hanauer says,** the **movement of money towards lowly paid people**. Clearly and obviously this does happen: it’s the very point of such a minimum wage. Given the different marginal propensities to consume and or save of people with high and low incomes this will indeed lead to less saving and more consumption. Plus, of course, those with currently low incomes will gain higher incomes: something that we would all rather like to happen. Although **that’s not entirely true:** those who keep their jobs at this higher wage will receive more money. **Those who lose their jobs as a result of the higher wage will** of course **receive much less money**: their incomes from work will fall to nothing. **This is entirely usual when thinking about economic problems. We have two (and often more** than that) **effects coming from the same change to the economy**. Which means that we need to consider both effects of such a change. We think it’s great that currently poor people will get higher wages: we think it’s a really bad idea that people will become unemployed because of those higher wages. **This leads us into the world of empirics. We want to** try and measure the good that comes, in those higher incomes, from higher wages while also **measuring the effect of lost jobs that comes from those higher wages. This isn’t something that can be solved in the world of theory**: we need to look up from our ideas and go measure stuff in the real world. The answer being that when the minimum wage rises above 50% or so of median wages then we start to see significant unemployment effects. The current US median wage is $16.71 an hour. Hanauer’s proposed minimum wage is $15 an hour: 90% of the median wage. Yes, we would see significant unemployment effects from such a high minimum wage. High enough in fact that it might entirely outweigh the effects of the extra consumption from those who do retain their jobs at this higher wage.

### Turns Poverty

The central focus of poverty reduction should be creating jobs.

UN 8 United Nations “Poverty and Employment” Poverty: Social Policy and Development Division April 19th 2008 http://undesadspd.org/Poverty/PovertyandEmployment.aspx

Unemployment and underemployment lies at the core of poverty. For the poor, labour is often the only asset they can use to improve their well-being. Hence the creation of productive employment opportunities is essential for achieving poverty reduction and sustainable economic and social development. It is crucial to provide decent jobs that both secure income and empowerment for the poor, especially women and younger people. Rapid economic growth can potentially bring a high rate of expansion of productive and remunerative employment, which can lead to a reduction in poverty. Nevertheless, the contribution of the growth process to poverty reduction does not depend only on the rate of economic growth, but also on the ability of the poor to respond to the increasing demand for labour in the more productive categories of employment. Given the importance of employment for poverty reduction, job-creation should occupy a central place in national poverty reduction strategies. Many employment strategies are often related to agricultural and rural development and include using labour-intensive agricultural technologies; developing small and medium-size enterprises, and promoting micro projects in rural areas. Many strategies promote self-employment, non-farm employment in rural areas, targeted employment interventions, microfinance and credit as means of employment generation, skill formation and training.

### Turns Income Inequality

Unemployment turns inequality.

**Noah 12** Timothy Noah (writer for The New Republic). The Great Divergence: America’s Growing Inequality Crisis And What We Can Do About It. Chapter 1, Paradise Lost. 2012. Page 20.

Goldin and Margo had to admit that the evidence about the **Great Depression** was a bit murky. On the one hand, the rich clearly lost income. On the other hand, middle-class incomes fell and a high level of **unemployment (which peaked at 25 percent) hit those at the bottom** income scale **especially hard. Unemployment reduces wages to zero, and when there’s more** of it **at the bottom (as is nearly always the case), that increases income inequality**. In addition, just because the trend during the Depression was toward greater income equality, that doesn’t mean that income distribution in any given year was notable egalitarian. Goldin and Margo calculated that wage inequality (expressed as the mathematical relationship between the ninetieth percentile and the tenth percentile) was worse in 1940 than it would later be in 1985, after the trend toward greater income inequality was well under way. But an important difference to remember is that in 1940 incomes were becoming more equal, while by 1985 they were becoming less so.

### Turns Crime

Unemployment causes lots of crime.

Raphael and Winter-Ebmer 98 “IDENTIFYING THE EFFECT OF UNEMPLOYMENT ON CRIME” Stephen Raphael and Rudolf Winter-Ebmer CEPR Discussion Paper No. 2129 1998 http://www.cepr.org/PRESS/DP2129.htm

Policies designed to increase jobs in inner city areas can have a direct, positive effect on crime rates. A new study of crime across the United States shows that crime rates rise and fall with unemployment. But this truth is obscured by other factors. A Discussion Paper published for the Centre for Economic Policy Research by two economists, Steven Raphael of the University of California at San Diego and Rudolf Winter-Ebmer of the University of Linz, finds support for the view held by most people that when men are out of a job they are more likely to steal because the risks seem more worthwhile. The writers find a significant positive, but also quantitatively large, impact of unemployment on several crime categories.

# POVERTY DEBATE

## Quigley DA (Ordinances)

Living wage ordinances causes poverty; consensus of economists

Quigley 1 William Quigley, Law Professor-Loyola University New Orleans, 2001, "Full Time Workers Should Not Be Poor: The Living Wage Movement," Mississippi Law Journal, Spring, 70 Miss. J.J. 889, p. 935-6

Opponents of living wages argue that these ordinances could potentially increase the local poverty rate and cost too much. A survey of over 300 economists conducted in 2000 for the Employment Policies Institute, a nonprofit research organization generally opposed to raises in both the minimum wage and the enactment of living wage ordinances, found that nearly eight in ten of the labor economists surveyed thought living wage ordinances would result in employers hiring higher skilled workers, and over 70% said the laws could potentially reduce the number of entry-level jobs and thus increase the local poverty rate. [n180](http://www.lexisnexis.com.ezp-prod1.hul.harvard.edu/lnacui2api/frame.do?tokenKey=rsh-20.422568.3809552412&target=results_DocumentContent&returnToKey=20_T21059172089&parent=docview&rand=1417474365802&reloadEntirePage=true" \l "n180) The opposition also suggests that living wage ordinances increase the cost of governmental contracts. Pasadena, California, estimated their living wage ordinance cost to be about $ 200,000 for the year 2000; Cambridge, Massachusetts, estimated its cost at $ 300,000; Madison, Wisconsin, estimated its cost at $ 47,000. [n181](http://www.lexisnexis.com.ezp-prod1.hul.harvard.edu/lnacui2api/frame.do?tokenKey=rsh-20.422568.3809552412&target=results_DocumentContent&returnToKey=20_T21059172089&parent=docview&rand=1417474365802&reloadEntirePage=true" \l "n181) While there is certainly some cost associated with living wages, this article will not join in the aforementioned melee of economists. Others disagree. [n182](http://www.lexisnexis.com.ezp-prod1.hul.harvard.edu/lnacui2api/frame.do?tokenKey=rsh-20.422568.3809552412&target=results_DocumentContent&returnToKey=20_T21059172089&parent=docview&rand=1417474365802&reloadEntirePage=true" \l "n182)

Prefer expert consensus

**LaBossiere 14** Mike LaBossiere (blog contributor). “Picking between Experts.” Talking Philosophy. January 29th, 2014. http://blog.talkingphilosophy.com/?p=7755

3. The claims made by the expert are consistent with the views of the majority of qualified experts in the field. This is perhaps the most important factor. **As a general rule, a claim** that is **held as correct by the majority of qualified experts in the field is** the **most plausible** claim. The basic idea is that **the majority of experts are more likely to be right than those who disagree** with the majority. It is important to keep in mind that no field has complete agreement, so some degree of dispute is acceptable. How much is acceptable is, of course, a matter of serious debate. It is also important to be aware that the majority could turn out to be wrong. That said, the reason it is still reasonable for non-experts to go with the majority opinion is that non-experts are, by definition, not experts. After all, **if I am not an expert** in a field**, I would be hard pressed to justify picking the expert I happen to** like or **agree with against the view of the majority** of experts.

## Mobility DA

### Mobility DA (Kersey)

Minimum wage hikes prevent more unskilled workers from entering the job market, killing their social mobility.

**Kersey 4** Paul Kersey (Bradley Visiting Fellow at the Heritage Foundation) “The Economic Effects of the Minimum Wage” The Heritage Foundation May 3rd 2004 http://www.heritage.org/research/testimony/the-economic-effects-of-the-minimum-wage

Over the longer term, **minimum-wage** or near-minimum wage **work can serve as a springboard to better jobs. Unskilled workers may gain** new **skills**, **or** gain **a record of reliability**, that allows them to move on to better-paying positions. Low-wage earners frequently see their wages rise quickly: **Researchers** at two universities, Florida State and Miami of Ohio, **found that full-time workers hired at** the **minimum wage received a median pay increase of 13 percent within their first year**, which shows that low-wage employees are able to work through minimum wage jobs into better ones.[3] The schedule of increases currently under consideration, first to $5.90 then $6.65 an hour a year later, is not all that much greater than the pay raises that occur naturally. **Simply finding full-time work**, including jobs at or near the minimum wage, **provides the poor with** the **means to escape poverty**. Research by the Employment Policy Institute shows 47 percent of families living below the poverty line in 1997 managed to make it over the poverty line in 1998. The authors of that study concluded that "earnings from minimum wage work and the Earned Income Tax Credit both significantly reduced the number of working poor in the 1990s."[4] **Artificially raising wages will cut off this difficult but direct path to greater prosperity for many** poor families, and will delay the entry of other workers, including youth, into paid work **by needlessly increasing the cost of unskilled labor**. Employers will not be able to afford to hire as many unskilled workers, and will respond by cutting back services or replacing workers with machinery.

### Clemens and Wither 14

Minimum wage increases kill the upward mobility of low-wage workers.

**Clemens and Wither 14** Jeffrey Clemens (University of California at San Diego Economics Department) and Michael Wither (University of California at San Diego). “The Minimum Wage and the Great Recession: Evidence of Effects on the Employment and Income Trajectories of Low-Skilled Workers.” http://econweb.ucsd.edu/~mwither/pdfs/Effects%20of%20Min%20Wage%20on%20Wages%20Employment%20and%20Earnings.pdf

Returning to Table 4, we estimate the minimum wage’s effects on family-level outcomes. On average in our sample, each targeted worker is in a family with 1.3 targeted workers. This is roughly the average of the ratio of our estimates of the minimum wage increase’s effect on family-level income to its effect on individual-level income. In the triple-difference specifications, for example, the short-run effect on individual-level income is $112 per month while the estimated effect on family-level income is $120 (the medium-run estimates are $185 and $300). Finally, column 6 shows that the effect of binding minimum wage increases on the incidence of poverty was statistically indistinguishable from 0. Unsurprisingly, given our finding on family-level earnings, the point estimate for the medium-run effect on the likelihood of being in poverty is positive. The absence of a decline in poverty echoes findings by Burkhauser and Sabia (2007), Sabia and Burkhauser (2010), Neumark and Wascher (2002), and Neumark, Schweitzer, and Wascher (2005), as well as a summary of earlier evidence by Brown (1999). 5.6 Transitions from Low-Wage Work into Middle Class Earnings We next analyze income growth through the lens of economic mobility, a topic of significant recent interest (Kopczuk, Saez, and Song, 2010; Chetty, Hendren, Kline, and Saez, 2014; Chetty, Hendren, Kline, Saez, and Turner, 2014). Concern regarding the minimum wage’s effects on upward mobility has a long history (Feldstein, 1973). A potential mechanism for such effects, namely the availability of on-the-job training, has received some attention in the literature (Hashimoto, 1982; Arulampalam, Booth, and Bryan, 2004). We are not aware, however, of direct evidence of the minimum wage’s effects on individuals’ transitions into employment at higher wages and earnings levels. Because we observe individuals for four years, we are able to track transitions of lowwage workers into middle and lower middle class earnings. The data reveal that initially low-wage workers spend non-trivial numbers of months with earnings exceeding those of a full time, minimum wage worker. Consider earnings above $1500, which could be generated by full time work at $8.80 per hour. During the first year of our sample, 30workers with average baseline wages less than $7.50 earn more than $1500 in 8 percent of months. By the sample’s last two years this rises, adjusting for inflation, to 18 percent. We investigate the minimum wage’s effects on the likelihood of reaching such earnings. Table 6 reports the results. **We find significant declines in economic mobility**, in particular **for transitions into lower middle class earnings**. For the full sample with average baseline wages less than $7.50, the difference-in-differences estimate implies that **binding minimum wage increases reduced the probability of reaching earnings above $1500 by 4.9 percentage points**. This represents a 24 percent reduction relative to the control group’s medium-run probability of attaining such earnings. As with previous results, this finding cannot readily be explained by cross-state differences in economic conditions. Netting out the experience of individuals with baseline wages between $8.50 and $10.00 moderately increases the point estimate to 5.4 percentage points (26 percent). The **estimated reductions** in the probability of reaching lower middle class earnings levels **are particularly meaningful for low-skilled workers with no college education**. In the difference-in-differences specification, the estimated decline in this group’s probability of earning more than $1500 per month is 4.9 percentage points (see column 2). In the triple-difference specification the estimate is 8.2 percentage points. Declines of these magnitudes represent 32 and 54 percent declines relative to the control group’s probability of reaching such earnings. For those with at least some college education, the estimated declines average a more moderate 4 percentage points, equivalent to 17 percent of the control group’s probability of reaching such earnings. Figure 8 presents the raw data underlying these results, and Appendix Table A10 reports the robustness of the estimated effects to the same set of specifications checks as the outcomes previously analyzed. We next examine the probability of reaching the middle-income threshold of $3000 per month. For the full sample, we estimate that binding minimum wage increases 31reduced this probability by 1.8 percentage points. In the difference-in-differences specification, this estimate is statistically distinguishable from 0 at the 10 percent level; in the triple-difference specification this is not the case, although the point estimate is essentially unchanged. Though our sub-sample analysis has little precision, the average medium-run effect appears to be driven primarily by those with at least some college education. The full sample decline of 1.7 percentage points is a non-trivial 26 percent of the control group’s medium-run probability of reaching such earnings. We interpret the evidence as implying that binding minimum wage increases reduced the medium-run class mobility of low-skilled workers. Such workers became significantly less likely to rise to the lower middle class earnings threshold of $1500 per month. The reduction was particularly large for low-skilled workers with relatively little education. The dynamics of our estimated employment and class mobility results are suggestive of the underlying mechanisms. Our employment results emerge largely during the first year following the increase in the federal minimum wage. By construction, our mobility outcomes are not outcomes that can be affected by the loss of a full time minimum wage job. **Effects on mobility** into lower middle class earnings only **emerge over subsequent years**. It appears that **binding minimum wage increases blunted** these **workers’ prospects for medium-run economic mobility by reducing** their **short-run access to opportunities for accumulating experience and developing skills**. This period’s minimum wage increases may thus have made the first rung on the earnings ladder more difficult for low-skilled workers to reach.

### Mobility O/W

Mobility outweighs poverty reduction. Even, if you give them a living wage, you force them to remain in a permanent underclass. This means there is not way to further reduce income inequality in the long term because you solidify their stance in society.

### C&W Good

Prefer my evidence. It doesn’t focus on a single demographic group and controls for low-skilled workers unaffected by a minimum wage increase.

**Clemens and Wither 14** Jeffrey Clemens (University of California at San Diego Economics Department) and Michael Wither (University of California at San Diego). “The Minimum Wage and the Great Recession: Evidence of Effects on the Employment and Income Trajectories of Low-Skilled Workers.” http://econweb.ucsd.edu/~mwither/pdfs/Effects%20of%20Min%20Wage%20on%20Wages%20Employment%20and%20Earnings.pdf

Our approach’s first advantage is its capacity to describe the minimum wage’s effects on a broad population of targeted workers. **Past work focuses** primarily on the minimum wage’s effects **on particular demographic groups**, such as teenagers (Card, 1992a,b; Currie and Fallick, 1996), and/or specific industries, like food service and retail (Katz and Krueger, 1992; Card and Krueger, 1994; Kim and Taylor, 1995; Dube, Lester, and Reich, 2010; Addison, Blackburn, and Cotti, 2013; Giuliano, 2013). While minimum and sub-minimum wage workers are disproportionately represented among these groups, both are selected snapshots of the relevant population. Furthermore, **it is primarily lowskilled adults, rather than teenage dependents, who are** the **intended beneficiaries** of anti-poverty efforts (Burkhauser and Sabia, 2007; Sabia and Burkhauser, 2010). **Assessing** the **minimum wage from an anti-poverty perspective thus** **requires characterizing its effects on the broader population** of low-skilled workers, which we are able to do.2 Econometrically, our setting has several advantages. One benefit of **our rich baseline data** is that they **allow us to limit the extent to which our “target” group contains unaffected individuals**. Second, **the data allow us to identify relatively low-skilled workers whose wage distributions were not directly bound by the new federal minimum. We use these workers**’ employment trajectories **to construct a set of within-state counterfactuals.** The experience of these workers allows us to control for the form of time varying, statespecific shocks that are a source of contention in the recent literature (Dube, Lester, and Reich, 2010; Meer and West, 2013; Allegretto, Dube, Reich, and Zipperer, 2013). Third, our research design allows for transparent, graphical presentations of the employment and income trajectories underlying our regression estimates.

## Food Prices DA

### F/P

Minimum wage hikes cause raises in food prices which harms people in poverty.

ALEC 14 American Legislative Exchange Council “Raising the Minimum Wage: The Effects on Employment, Businesses and Consumers” March 2014 <http://www.alec.org/wp-content/uploads/Raising_Minimum_wage.pdf>

However, negative employment effects are not the only consequence of raising the minimum wage. Employers often cannot fully absorb the costs of an increased mandated wage rate by cutting their workforce because they need that labor to successfully run their businesses. Employers are forced to turn to other methods to protect their bottom line and stay in business. The costs of a minimum wage hike are often passed on to consumers in what economist Daniel Aaronson calls “price pass-through.” In a study of prices in the restaurant and fast food industry—an industry that heavily employs and serves low-wage earners—Aaronson, French and MacDonald found an increase in the minimum wage also increases the prices of food items.24 Using data from the Consumer Price Index (CPI) from 1995 to 1997, the economists examined 7,500 food items (usually a complete meal) from 1,000 different establishments in 88 different geographic areas. They found the increase in menu prices affected limited service restaurants the hardest. These are restaurants where most diners pay at the counter and take their food home with them. These restaurants are also more likely to employ low-wage workers and thus more likely to have their business costs rise as a result of a minimum wage increase. The study found that in these instances, almost 100 percent of the increase in labor costs is passed on to consumers in the form of higher prices.25 These results are consistent with most of the economic literature on the subject. Sara Lemos of the Institute for the Study of Labor (IZA) looked at more than 20 papers on the subject and found that most studies predicted a 10 percent increase in the minimum wage would result in a 4 percent increase in food prices and a 0.4 percent increase in prices overall.26 Unfortunately, the businesses hit hardest by an increase to the minimum wage are not only the types of places where low-income people are employed, but also businesses frequented by low-income consumers. Food prices are of particular importance to people living near or below the poverty line as they tend to spend a greater percentage of their family budget on food. The low-wage employees who experience an increase to their wages due to a minimum wage increase will have the benefit of higher wages largely offset by higher prices. Additionally, non-minimum wage earners will face higher prices without the corresponding increase in wages. Thus, they will likely cut back spending to compensate. These cutbacks in spending may also result in substitutions toward cheaper, lower quality goods.

### Uniqueness

International food prices are declining but only slightly.

TDL 15 This Day Live “Global Food Prices Decline” January 12th 2015 <http://www.thisdaylive.com/articles/global-food-prices-decline/198979/> JW 1/16/15

Food prices at the international level, as measured by the Food and Agriculture Organisation (FAO) Food Price Index (FFPI) declined in the month of December 2014, compared with November 2014. The FFPI averaged 188.6 points, 1.7 per cent lower than the revised value in November 2014 and 8.5 per cent lower than the December 2013 figure. According to the FAO, the fall in the value of the Index in December was mainly attributable to the sharp decline in all food prices except cereals which appreciated marginally. The FAO Cereal Price Index increased by 0.4 per cent from the previous month, due to the rise in the prices of wheat brought about by concerns over Russia’s possible export restrictions, although the strengthening of the dollar limited this increase. Rice prices however fell as a result of abundant supply, due to the harvest season, coupled with weak import demand. The FAO Vegetable Oil Price Index was down by 2.4 per cent in December 2014, driven by the fall in palm oil prices, as declining crude oil prices crippled demand for palm oil as a biodiesel feed stock. “Prices only recovered towards the end of the year as the harvest season in Malaysia was foiled by heavy rainfall. The FAO Dairy Index declined by 2.3 per cent in December 2014 majorly due to the increased export availability in the face of the weakening import demand for dairy products by major importers namely China and Russia. “The FAO Sugar Index decreased by 4.8 per cent in December from November 2014, due to ample supply from sugar exporting countries especially Brazil. This fall was also exacerbated by the drop in crude oil prices as less ethanol was converted from sugar crops,” it explained.

# ECON DEBATE

## Inflation DA

Living wage causes inflation that kills competitiveness and collapses economy.

Opdyke 14 Jeff D. Opdyke (Editor, Profit Seeker) “Americans Are Expensive” June 24th 2014 The Sovereign Investor Daily <http://thesovereigninvestor.com/economic-collapse-2/americans-are-expensive/>

Politicians, economists and random rabble-rousers are determined to fix this “problem” of questionable significance by way of minimum-wage increases — never stopping to consider that the problem isn’t the minimum wage in America … it’s the wages the rest of the world earns in a globalized economy, mixed with the policies of a paternal American government that buys its power through costly give-away programs that are draining the nation’s productive capacity. The prescription being offered to cure the earnings gap will do more to reduce America’s competitiveness and throw her into economic collapse than it will improve the lot of our middle class. And for us, investors, that fact says a lot about where we should have our money at work … and where we should scale back. The latest organization to weigh in on the “raise the wage” debate is the International Monetary Fund. The IMF last week said the U.S. minimum wage is too low by historical and global standards, and that raising the minimum would, duh!, raise the incomes for millions of working-poor Americans. On a nominal basis, that’s true. But on a real basis, meaning adjusted for the inflation that wage hikes necessarily engender, it’s pure pabulum — lip-service designed to play to the masses who feel the system is rigged against them, and, oh, improve the IMF’s image. The early events already taking place in Seattle, where the city now mandates a $15 minimum wage, tell you exactly why these “living wage” arguments are bogus and why, ultimately, they will do very little to improve the financial standing of America’s middle class. Small-businesses in Seattle are already realizing the true impact of this legislation isn’t just a raise for minimum-wage earners … it’s an across-the-board wage hike for just about everyone below the corporate/ownership level, and it’s a cost hike — i.e. inflation — for everyone in Seattle. Restaurants serve as a great example. They employ workers earning at or just above minimum wage, which in Washington state is already $9.32 an hour. Managers who oversee those workers earn in the $15 range currently. You can clearly see the dots that are connecting. America’s Achilles Heel If minimum-wage Jack is suddenly earning $15 an hour, then manager Jill certainly is not going to cotton to earning the same salary for taking on more responsibility. She will rightly demand a wage commensurate with the wage gap she once enjoyed … which, of course, means Jill’s manager is going to demand a raise, too, for having to manage all the Jills in the organization. At least one Subway franchisee has calculated the real cost on his restaurant and has determined that he will have to raise costs by $0.75 per sandwich. Doesn’t sound like much, but it represents an inflation rate for sandwiches of as much as 15%. But, more important, that’s just one price rise in the many price rises consumers will face for all sorts of products — the definition of broad-based inflation. It’s trickle up economics and it is fundamentally the kind of maneuver that leads toward economic collapse. America’s Achilles Heel is its overpriced labor force. The rest of the world can make much of what we make here at home, only it can do it at cheaper prices and with equal or better quality. Now, they certainly can’t make and import a Subway sandwich; some things must be made locally. However, when a sandwich jockey earns $15 an hour for slapping some turkey on wheat bread, then the line worker building airplanes for Boeing in Seattle is, ultimately, going to demand a higher wage, too, at some point because he’s having to compete for goods with the sandwich maker who now has more money to spend … and that begins to trickle up the labor pool at Boeing and other manufacturers that are competing globally. Yet, when American manufacturers like Boeing face bloated labor costs, they must either cut corners on quality (which helped bring General Motors to the brink of death), reduce research and development that would give them a competitive edge, or reduce their workforce for fear of losing contract opportunities. So, tell me: How does raising the minimum wage help the American middle class if it reduces the quality of American-made goods, leads to a reduction in job opportunities (at the very moment technology is making so many no-, low- and medium-skilled jobs redundant) and increases the cost of living that hurts the very workers the higher wage is supposed to help? Investing in Profit-Friendly Markets In the end, raising the minimum wage just makes America increasingly less competitive. In a closed economy, that wouldn’t necessarily matter. But in a global economy, where labor is abundant, cheap and fungible (who cares where my iPhone is made, so long as it’s affordable to the masses) America’s “raise the wage” debate is anachronistic and blind to the reality of global labor markets. For investors, that tells you that you don’t want your portfolio concentrated in U.S. markets. The economy faces the headwinds of rising labor costs that will crimp corporate profits, which pushes stock prices down … or inflationary pressures, which, also, pushes stock prices down. You want your money in markets where labor is more conducive to corporate profitability — and that tends to be Asia. That’s where the real opportunities are today. And that’s where you should begin putting some of your wealth to work.

## Turnover DA

Higher minimum wage reduces turnover. The impact is reduced growth.

**Meer and West 13** Jonathan Meer and Jeremy West (Texas A&M University). “Effects of the Minimum Wage on Employment Dynamics.” December 2013

Although there is support for employee hiring to be relatively more affected, the effect of the minimum wage on both job creation and job destruction is ultimately an empirical question. And, because the effects on these gross margins are theoretically ambiguous and potentially opposing, the net employment effect of the minimum wage could take several forms that are not mutually exclusive. First, the minimum wage could affect (positively or negatively) the total employment level. Second, **by encouraging** a **longer duration of worker firm matches,** the **minimum wage could reduce turnover of employees within existing jobs**. Finally, a minimum wage could change the net flow of workers into employment by altering the job growth rate. Any of these outcomes are consistent with the theoretical relationships discussed above, but the bulk of the literature has focused on the first relationship, investigating how a minimum wage affects the employment level. Several recent studies offer exceptions to the focus on employment levels. Dube et al. (2011) examine the relationship between the minimum wage and employee turnover using the 2001-2008 Quarterly Workforce Indicators (QWI). They focus on teenagers and restaurant employees employed in contiguous counties across state lines, and find that the minimum wage reduced both new hiring and separations despite having little effect on contemporaneous employment levels. Brochu and Green (2012) assess firing, quit, and hiring rates in Canadian survey data. They find that workers hired within the previous six months are less likely to separate from their jobs in the presence of a higher minimum wage, a result driven in part by a reduction in firings; they find no effect on workers with longer tenure. Similar to Dube et al. (2011), they find a reduction in hiring rates but do not estimate the net effect on job growth.6 It is important to note that even if it were the case that minimum wages just reduce employee turnover, **this outcome might be undesirable. Lazear and Spletzer** (2012) **argue that employee churn is an important component of the labor market because it indicates reallocation of workers to jobs in which they are more productive. They link declines in employee turnover to reduced economic output**. More to the point, the total employment effects of the minimum wage are of primary interest for policy-making. It is uncertain what policy goals are served by increasing the tenure of voluntary employment through labor market regulations. We believe that the relevant outcome is employers’ creation of new jobs or destruction of existing jobs – the net movement of workers into employment. In light of the issues discussed above, this effect may follow a slow process.

## A2 Income Inequality Adv

### Gap too large

Raising minimum wage won’t change income inequality very much.

Worstall 13 Tim Worstall (contributor). “Nick Hanauer's Near Insane $15 An Hour Minimum Wage Proposal.” Forbes. June 21st, 2013. http://www.forbes.com/sites/timworstall/2013/06/21/nick-hanauers-near-insane-15-an-hour-minimum-wage-proposal/

**Here’s Hanauer** though**:** Low-wage jobs are fast replacing middle-class ones in the U.S. economy. Sixty percent of the jobs lost in the last recession were middle-income, while **59 percent of** the **new positions** during the past two years of recovery **were in low-wage industries** that continue to expand such as retail, food services, cleaning and health-care support. By 2020, 48 percent of jobs will be in those service sectors. **This is the first mistake** being made. For **many of these jobs** simply **are not low income: even though they may indeed be low pay**. The minimum wage simply isn’t the binding constraint for the majority of those who earn it. **At least 50% of those who nominally “get paid”** the **minimum wage earn** substantially **more than it**. For **they are tipped employees or sales people on commission**. But look a little more closely at the figures. Of those at or below minimum wage some 39% are in food prep and related industries. This includes all of your friendly neighborhood waiters and bartenders and we all know absolutely that they’re not living purely on their wages. We rather get reminded of this when we foreigners forget to leave them a tip (I have actually had a waiter in NYC tell me, as I was sitting down, that he had to tell me as a foreigner that a 20% tip was normal). Indeed I’ve done the job myself for a couple of years and no one at all goes into that industry for the joy of the paycheck. It’s the tips that matter and they make minimum wage an irrelevance (I suspect even more than used to be true in the place I worked. The Motley Fool HQ is now across the street which should do wonders for tip income). Another 17% are in sales and related jobs. Again, no one is doing that sort of work for minimum wage without there being a commission system on top. Another way of slicing the same numbers is that **50%** or so **of those on minimum wage are 24 or under**: students and trainees in effect. **Changing** the **wages paid of that over 50% of minimum wage earners** who get tips or commission on top of the minimum wage really **isn’t going to change inequality very much**. Or another way of looking at this is that once you take out those for whom minimum wage is just a basic, before tips and or commissions, we end up talking about 3% or so of hourly paid workers, or something like 1.5% of the total workforce. Having actually done, for a number of years, the waitron unit and bartending jobs I really do have to report that they’re not low income jobs: even if they are low wage.

### Alt Causes

Minimum wage hikes barely change the income gap and there are many alt causes.

**Sahadi 14** Jeanne Sahadi (senior writer). “Will a higher minimum wage really reduce income inequality?” CNN Money. January 15th, 2014. http://money.cnn.com/2014/01/15/news/economy/income-inequality-minimum-wage/

Raising the federal minimum wage could help bring many low-wage workers above the poverty line. It also could help restore the value of the minimum wage, which hasn't kept pace with inflation over the past 40 years. But can it really address income inequality? "It will reduce inequality. The question is how much and for whom. It's not going to have a huge impact, but that's because there's no politically feasible policy that would have a big impact," said poverty and fiscal expert Isabel Sawhill, co-director of the Center on Children and Families at the Brookings Institution. **Consider the 5-figure paycheck of a janitor versus the 8-figure salary of a CEO. Raising** the **minimum wage** to $10.10 from $7.25, as a leading proposal in Congress would do, **wouldn't narrow that chasm. There's also a big gap between** those making **6-figures and the bazillionaires** at the very top. A **higher minimum wage can't touch that**. Then there's the gap between very low-wage and middle-wage workers. It's this gap where advocates say some progress may be made if the minimum wage is raised sufficiently. At its peak in 1968, the minimum wage was equal to 54% of average hourly earnings in the private sector. Today, it comes in at 36%, according to the Congressional Research Service. Related: State with highest minimum wage may hike it again "There are a lot of causes of inequality but [the erosion of the minimum wage] is one of the important ones for inequality at the bottom," Jason Furman, chairman of President Obama's Council of Economic Advisers, said this week. Obama, who backs the $10.10 proposal, has said raising the minimum wage would be good for the economy and good for families. A higher minimum wage could increase the pay not only for the 1.6 million workers who earn $7.25 today, but an estimated 17 million workers who make between $7.25 and $10.10. In selling the idea of a higher minimum, though, advocates also say it could result in raises for hourly workers across the board in what's known as the "ripple" effect. In other words, employers may want to preserve their relative pay scales, so may raise other hourly workers' pay by an amount commensurate with the minimum wage hike. That may help the economy and make workers happy. But it likely wouldn't do much to reduce the wage gap. What would narrow the gap is what's known as "wage compression." That is, employers may try to offset the cost of a minimum wage increase by freezing or reducing the pay of higher income employees. Wage wars: The fight for higher pay Wage wars: The fight for higher pay In any case, **hiking** the **minimum wage won't alter some** of the **root causes of income inequality. Sawhill thinks globalization and tech**nology **top the list, creating a bigger wage premium for** those near **the top and stagnating wages at the bottom**. **She also cites the U.S. education system**, which she says **has not kept pace with employer needs**, evidenced by the fact that demand for educated workers outstrips the supply.

## A2 Small Businesses

### Innovation Turn

Living wage stifles innovation and increases price of production.

[**BRIAN PHILLIPS**](http://capitalismmagazine.com/author/BrianPhillips/)**, 2013.03.06, The Fallacy of “Living Wage”, http://capitalismmagazine.com/2013/03/the-fallacy-of-living-wage-2/**

The **items** that are **rapidly increasing in price today are,** **in** general, **heavily regulated industries. Government intervention stifles innovation and makes production more expensive.** The **items** that **are falling in price** are **in industries that are less regulated, which means more innovation and greater ease of producing those values.**

Innovation is key to small firm success **Baldwin 95**

INNOVATION: THE KEY TO SUCCESS IN SMALL FIRMS by John R. Baldwin No. 76 11F0019MPE No. 76 ISBN: 0-662-21720-9 Micro-Economic Studies and Analysis Division, Statistics Canada and Canadian Institute for Advanced Research, Economic Project Growth Phone: (613) 951-8588 FAX: (613) 951-5643 February 1995

**Innovation is consistently found to be the most important characteristic associated with success**. Almost all of the strategy questions that relate to innovation receive higher scores from the more-successful group of firms than from the less-successful group of firms. This is also the case for innovative activities. Whether a firm possesses a R&D unit, its expenditure on R&D relative to total investment, and its R&D-to-sales ratio are all related to success. Differences in both the scores attached to strategies and the intensity of activities are not statistically significant in the entire sample in most other areas—management, employee skills, quality of product, and flexibility of operations. Thus, **the common thread for all industries that emerges from this survey is that the ability of a firm to grow relative to its immediate competitors and to increase its profitability r**elative to the industry mean reflects policy choices, **primarily**, but not exclusively, **in areas that involve innovation.** In individual industries, the exact nature of the innovative activity varies and in some industries, differences emerge in other areas like human-resource strategies; nevertheless, it is innovation that is found everywhere to discriminate between the more- and less-successful groups of firms. This is not the case for the other strategies and activities. Firms have to solve a number of problems to remain in the race that exists in each industry, to remain sufficiently competitive that they do not fail. Doing well in management and other areas that receive high scores from all GSMEs is a necessary condition for success. It is not a sufficient condition for winning. **Solving a key set of innovation problems provides the impetus that pushes some firms ahead** and allows them to win the competitive race rather than just to finish in the middle of the pack.

### No I/L

Small businesses control a VERY marginal link to econ—multiple warrants.

Bernstein 11 JARED BERNSTEIN, October 23, 2011, Small Isn’t Always Beautiful, <http://www.nytimes.com/2011/10/24/opinion/small-businesses-arent-key-to-the-economic-recovery.html>

But don’t small businesses at least fuel job growth? Sort of. **It’s not small businesses that matter, but new businesses,** which by definition create new jobs. Real **job creation**, though, **doesn’t kick in until those small businesses survive and grow into larger operations**. In fact, according to path-breaking work by the **economist** John C. **Haltiwanger** and his colleagues, once they accounted for the outsize contributions by new and young companies, they **found “no systematic relationship” between net job growth and company size**. It’s unlikely such findings will change politicians’ speeches trumpeting small businesses. But if we want to get our job market back on track, they should inform our policy thinking. For example, it’s not only the case that **start-ups** are of particular importance to robust job growth. They’ve **been creating fewer jobs over the last decade.** Employment at start-ups fell by almost half, and those losses predated the “Great Recession” — probably one reason job growth was so lackluster over the last decade’s expansion. Economists do not yet have a good answer as to why start-ups and surviving **young companies are creating fewer jobs,** but it may have something to do with “allocative inefficiency.” **Too many resources flowed to financial engineering** in the last decade, **and too few went to R & D and innovation outside of the financial sector.** **The decline of American manufacturing plays a role here as well**, as the sector has historically accounted for 70 percent of job-creating private-sector R & D, often in partnership with start-ups and small suppliers. This isn’t to say that public policy should abandon small businesses. Many face distinctive hurdles compared with large businesses: they have tighter profit margins and thus less room for mistakes, they have diminished access to credit markets and, even with creditworthy borrowing records, many say they’re not getting the loans they need. **Small manufacturers often have less access to export markets**, and, **with emerging economies growing a lot faster than advanced economies, that’s a big disadvantage.**

## A2 Unions Adv

### No Impact

Unions don’t help people that much-your studies confuse correlation and causation.

Sherk 09 James Sherk (Bradley Fellow in Labor Policy in the Center for Data Analysis at The Heritage Foundation) “What Unions Do: How Labor Unions Affect Jobs and the Economy” Backgrounder #2275 on Jobs and Jobs and Labor Policy May 21st 2009 <http://www.heritage.org/research/reports/2009/05/what-unions-do-how-labor-unions-affect-jobs-and-the-economy>

Unions organize workers by promising higher wages for all workers. Economists have studied the effects of unions on wages exhaustively and have come to mixed conclusions. Numerous economic studies compare the average earnings of union and non-union workers, holding other measurable factors--age, gender, education, and industry--constant. These studies typically find that the average union member earns roughly 15 percent more than comparable non-union workers.[10] More recent research shows that errors in the data used to estimate wages caused these estimates to understate the true difference. Estimates that correct these errors show that the average union member earns between 20 percent and 25 percent more than similar non-union workers.[11] Correlation Is Not Causation But these studies do not show that unionizing would give the typical worker 20 percent higher wages: Correlation does not imply causation. Controlling for factors like age and education, the average worker in Silicon Valley earns more than the average worker in Memphis, but moving every worker in Memphis to Silicon Valley would not raise his or her wages. Workers in Silicon Valley earn more than elsewhere because they have specialized skills and work for high-paying technology companies, not because they picked the right place to live. Similarly, it is not necessarily unions that raise wages. They may simply organize workers who would naturally earn higher wages anyway. Unions do not organize random companies. They target large and profitable firms that tend to pay higher wages. Union contracts also make firing underperforming workers difficult, so unionized companies try to avoid hiring workers who might prove to be underperformers. High-earning workers do not want seniority schedules to hold them back and therefore avoid unionized companies.

### Employment Turn

Unions cause rampant unemployment which kills US competitiveness.

Sherk 09 James Sherk (Bradley Fellow in Labor Policy in the Center for Data Analysis at The Heritage Foundation) “What Unions Do: How Labor Unions Affect Jobs and the Economy” Backgrounder #2275 on Jobs and Jobs and Labor Policy May 21st 2009 <http://www.heritage.org/research/reports/2009/05/what-unions-do-how-labor-unions-affect-jobs-and-the-economy>

**Lower investment** obviously **hinders** the **competitiveness** of unionized firms. The **Detroit automakers have done** so **poorly** in the recent economic downturn in part **because they invested** far **less than** their **non-union competitors in researching** and developing **fuel-efficient vehicles. When the price of gas jumped** to $4 a gallon, **consumers shifted** away from SUVs **to hybrids, leaving** the **Detroit carmakers unable to compete** and **costing many UAW members their jobs.** Economists would expect reduced investment, coupled with the intentional effort of the union cartel to reduce employment, to cause unions to reduce jobs in the companies they organize. Economic **research shows** exactly this: **Over the long term, unionized jobs disappear. Consider the manufacturing industry**. Most Americans take it as fact that manufacturing jobs have decreased **over the past 30 years**. However, that is not fully accurate. Chart 1 shows manufacturing employment for union and non-union workers. **Unionized manufacturing jobs fell** by **75 percent** between 1977 and 2008. **Non-union manufacturing employment increased** by 6 percent **over that time**. In the aggregate, only unionized manufacturing jobs have disappeared from the economy. As a result, **collective bargaining coverage fell from 38 percent of manufacturing workers to 12** percent **over those years.** Manufacturing jobs have fallen in both sectors since 2000, but non-union workers have fared much better: 38 percent of unionized manufacturing jobs have disappeared since 2000, compared to 18 percent of non-union jobs.[24] Other industries experienced similar shifts. Chart 2 shows union and non-union employment in the construction industry. Unlike the manufacturing sector, the construction industry has grown considerably since the late 1970s. However, in the aggregate, that growth has occurred exclusively in non-union jobs, expanding 159 percent since 1977. Unionized construction jobs fell by 17 percent. As a result, union coverage fell from 38 percent to 16 percent of all construction workers between 1977 and 2008.[25] **This pattern holds across many industries**: Between new companies starting up and existing companies expanding, non-union jobs grow by roughly 3 percent each year, while 3 percent of union jobs disappear.[26] In the long term, unionized jobs disappear and unions need to replenish their membership by organizing new firms. **Union jobs** have **disappear**ed **especially quickly** in industries **where unions win the highest** relative **wages**.[27] Widespread unionization reduces employment opportunities.