

Economists argue about minimum wages

Just what is the point of a minimum wage? It seems a straightforward enough question to answer. Minimum wages are designed to protect vulnerable workers who might otherwise lack the bargaining power to command a decent pay package. They are a means to limit severe poverty among those in work.

Yet they also attract opposition from critics who see wage minimums as price controls that discourage firms from hiring as many workers as they otherwise might. For decades, feuding camps of dismal scientists have tussled over whether the good done by minimum wages outweighs the bad. A series of recent minimum-wage increases in America will shine a light on that question and others as well. Indeed, the time may have come for economists to broaden their view of just what a minimum wage is meant to accomplish.

As voter frustration at stagnant pay has grown, politicians on the American left have spotted an opportunity to court popularity by calling for higher minimum wages. Democrats are united behind a demand for a national minimum wage of \$15 an hour, more than double the current \$7.25 rate. State legislatures in California and New York have enacted laws that gradually raise their minimum wages to \$15. Few governments, however, have moved as aggressively as the city of Seattle. In 2014 the council voted to raise the minimum wage, the hourly rate set by the state of Washington, then \$9.32, to \$11 an hour from April 2015, followed by further rises, to \$13 in January 2016 and \$15 in January this year. Smaller firms and those that provide benefits on top of pay were given longer to implement the changes...

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