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## Race, Politics and the Minimum Wage

*Minimum-wage proponents argue that a higher wage floor will improve the standard of living for poor families. The reality is that higher labor costs reduce employment, especially for young black men.*

By [JASON L. RILEY](#)

The summer months will bring summer job seekers, and prospects aren't good for the nation's young adults. Overall unemployment just inched back up to 9%, and the teenage unemployment rate in March was 24.5%. Black teens have been faring worst of all, with a jobless rate of more than 42%.

Earlier this week the Chicago Urban League, a civil rights group, released a study of youth employment prepared by Northeastern University's Center for Labor Market Studies. The authors report that despite renewed job growth last year, "the nation's teenagers did not manage to capture any of the increase in employment."

According to the study, 2010 was "the fifth consecutive year in which a new historic low for teen employment was reached." Based on the first three months of 2011, the center predicts that "only one of every four teens (16-19 years old) would be employed during the summer months of June, July, and August," which would represent the "lowest ever or second lowest ever summer employment rate for teens in post-WWII history."

The report goes on to lament that "this national disaster has not received any substantive attention from the nation's economic policymakers of either political party." But that's not quite true, according to a separate study released last month by labor economists William Even of Miami University in Ohio and David Macpherson of Trinity University in Texas. Labor market wage mandates help to explain high unemployment among younger and less experienced workers, contend Messrs. Even and Macpherson. And Congress raised the federal minimum wage by 41% to \$7.25 an hour in three stages between 2007 and 2009. The problem is not that policymakers have been indifferent. The problem is that they've made matters worse.

Minimum-wage proponents argue that a higher wage floor will improve the standard of living for poor families. The reality is that higher labor costs reduce employment, especially for younger

workers, and the greatest amount of pain is felt by black men. The Even and Macpherson study finds that among whites males ages 16-24, each 10% increase in a federal or state minimum wage has decreased employment by 2.5%. For Hispanic males, the figure is 1.2%. "But among black males in this group, each 10% increase in the minimum wage has decreased employment by 6.5%."

The effect on the black community is so pronounced, write the authors, that "employment losses for 16-to-24 year-old black males between 2007 and 2010 could have been nearly 50% lower had the federal and state minimum wages remained at the January 2007 level."

It gets worse. Not all states were fully affected by the federal minimum wage increases because some already mandated a minimum wage above the federal requirement. But in the 21 states that were fully affected, about 13,200 black young adults lost their job as a direct result of the recession, versus 18,500 who lost their job as a result of the minimum-wage mandates. "In other words," write Messrs. Even and Macpherson, "the consequences of the minimum wage for this subgroup were more harmful than the consequences of the recession."

In an interview, Mr. Macpherson told me that racial disparities in the employment consequences of minimum-wage hikes result from a number of factors. "One problem is that I think blacks tend to have, on average, inferior schooling," he said. "Also, the effects of the minimum wage differ by industry, and blacks tend to be heavily concentrated in, for example, eating and drinking establishments, where it's easier to substitute capital for labor."

Over the decades, many studies have found that minimum-wage increases reduce the job prospects of teenagers and other low-skill workers whose productivity is not high enough to justify the cost to employers. Nevertheless, these laws remain politically popular, especially among liberals enamored of wealth redistribution schemes. If the Chicago Urban League and other civil rights organizations want to help reduce black unemployment, opposing minimum-wage mandates ought to be a priority.

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