

Evidence Shows a \$15 Minimum Wage is a Bad Idea

The \$15 minimum wage is a bad economic idea that just won't go away. It originated as a political talking point years ago but has morphed into a real policy proposal. If enacted, it would do serious harm to lower-skilled workers looking to get a start on their careers, seriously inhibiting their chances of upward mobility throughout their lives.

State of play: The current federal minimum wage is \$7.25 an hour and has been at that level since 2012. President Biden recently said (paraphrasing) that all the economic research indicates that raising the minimum wage does no harm. But that's not true.

Much of the research on the minimum wage is about small increases in specific geographical locations in specific industries. And those studies rarely look at a counterfactual to explain what would have happened to job creation had the minimum wage not increased.

Be smart: [One study](#) that looked at the relatively small increase of the federal minimum wage from \$5.15 an hour in 2006 to \$7.25 in 2012 saw employment among young, less skilled workers fall by almost 6 percentage points. That is an enormous negative impact for a change that is significantly less than going to \$15 now.

More evidence: The most substantive report on more than doubling the federal minimum wage to \$15 an hour comes from the [Congressional Budget Office](#). It found that such an increase could cost the economy 1.4 million jobs, and perhaps more. Many of those lost jobs are for younger, unskilled workers that are looking to get started in their careers.

Seattle was one of the first locations to raise its minimum wage to \$15. [Studies](#) have shown that increase has had a very strong negative effect on lower-skilled workers, keeping them out of the workforce. If a relatively affluent place like Seattle struggles with a \$15 minimum wage, the impact will be even worse for lower income areas.

Bottom line: The evidence shows that younger, less skilled workers bare the brunt of the \$15 minimum wage. When they can't get a job to gain skills, they are cutoff from the upward mobility that would allow them to earn higher wages over the course of their lives.

It would be better for Congress to scrap the \$15 minimum wage and focus on changes grounded in economics rather than politics.

- **Have an economic question you want answered?** Please [email me](#), and it could be the topic of a future Economic Viewpoints.

—Curtis Dubay, Senior Economist, U.S. Chamber of Commerce