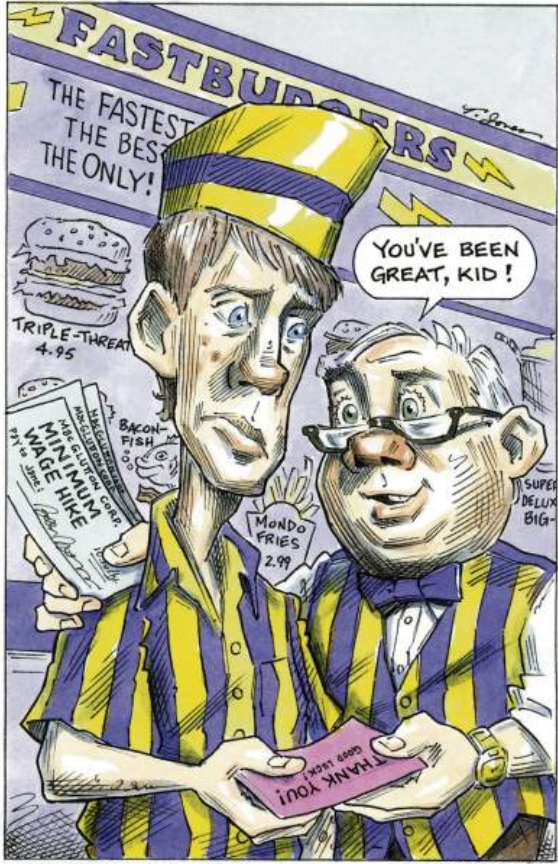


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Tom Wolf helps himself with minimum wage edict

ANTONY DAVIES & JAMES R. HARRIGAN | Saturday, March 26, 2016, 9:00 p.m.



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Pennsylvania Gov. Tom Wolf this month raised the minimum wage for certain state workers to \$10.15 an hour and called on the Legislature to do the same for all Pennsylvania workers. The governor then took to his blog to list all the ways a higher minimum wage will help the economy. But unless he can magically suspend the laws of economics, no good will come of this. This is just more posturing from a governor who can seemingly do little else.

Wolf claims that a higher minimum wage will increase purchasing power, which is good for business. But as politicians often do, he forgets that money doesn't just fall from the sky. The money to pay for a higher minimum wage comes from raising prices, which reduces customers' purchasing power, or from laying off workers, which reduces workers' purchasing power, or from falling profits, which reduce business owners' purchasing power. The only people who enjoy increased purchasing power are the minimum wage workers whose jobs aren't eliminated.

The governor claims that a higher minimum wage will create new jobs. How many people do you employ right now, at \$7.25 an hour, to fetch your mail? To do your dishes? To fold your laundry? The reason you don't pay someone \$7.25 an hour to make your bed is because the job isn't worth the wage. That's exactly how employers think. When the governor forces businesses to pay workers \$10.15 an hour, employers eliminate jobs that aren't worth the higher wage. Minimum wage hikes result in fewer jobs, not more.

Wolf claims the higher minimum wage will boost state revenue. Workers who keep their jobs indeed will pay more in income and sales taxes. But that's only one-third of the story. Workers who lose their jobs, and business owners who earn less profit, will pay less. To make matters worse, the state will have to pay unemployment benefits to workers whose jobs are eliminated.

The governor also claims that a higher minimum wage will reduce poverty, even though economic studies show no relationship whatever between the minimum wage and poverty. And why would there be? Raising the minimum wage doesn't make workers more valuable; it makes them more expensive.

If the governor wants to reduce poverty, the right way to do it is to reduce the regulatory burden that prevents entrepreneurs from creating new opportunities for themselves and new jobs for their communities. Prohibiting cities from regulating sharing startups like Uber and Airbnb, eliminating unnecessary occupational licensing requirements and privatizing the state liquor store system are three great places to start.

But Wolf isn't interested in these facts. He is interested in using low-wage workers to make his own life easier. By preventing low-skilled workers from competing with more expensive union labor, he collects union votes and contributions. By promising a wage increase to minimum wage workers, he gains their support, too, long before any of them end up losing their jobs as a result of his ill-conceived schemes.

And when they lose their jobs, Wolf will just propose another taxpayer-funded boondoggle to buy their continued support.

The governor's minimum wage plan isn't about helping businesses, or workers, or the poor, or Pennsylvania's finances. It's about helping Tom Wolf.

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