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# Minimum Wage Hurts Beginners

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Segment Length: 4:35 Minutes

## **Lesson Description:**

Should the minimum wage be raised? Should minimum wage even exist? What's the history behind this decades-old concept? Nowadays, minimum wage is commonly accepted as a plus for lower-wage workers, but is there a downside? Who pays the price? This video looks at the pros and cons of minimum wage.

## **Concepts & Key Terms:**

*Minimum wage* – The lowest hourly wage an employer can pay an employee. The federal government sets a minimum wage that applies throughout the United States, and many states and even some cities have enacted higher minimum wages.

*Living wage* – Defined by some as the minimum income necessary for workers to meet their basic needs, and by others as a wage high enough to maintain a normal standard of living. Generally considered the level of pay that allows people to pay local costs for food, childcare, health insurance, housing, transportation and other necessities without government assistance.

*Entry-level job* – a job that is primarily held by someone just entering the work force with little to no experience and/or minimum skill level.

## **Objectives:**

Students will be able to:

- discuss pros and cons of increasing the minimum wage.
- explain the racist history of the minimum wage.
- evaluate the arguments for and against an increased minimum wage.

## **Preview Activity and Questions:**

Use Think, Pair, Share to have students answer these questions:

What might be some positive effects of increasing minimum wage?

What might be some negative effects of increasing minimum wage?

**OR**

Distribute the K-W-L chart and have students complete the first two columns to the best of their ability. (Have them revise their answers and fill in the last column after viewing the video.)

## **Viewing Guide:**

It is recommended that teachers show the video segment twice: once to allow students to view the video and focus on the issues presented, and once to allow them time to complete the viewing guide. After they complete the viewing guide, allow students a few minutes to work in pairs sharing and verifying answers.

## **Answers to Viewing Guide**

1. Seattle
2. low income workers
3. small businesses
4. racist
5. competition
6. downside
8. young people

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## Viewing Guide

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

Teacher \_\_\_\_\_

**Directions:** As you watch the video, answer the following questions or fill in the blanks.

1. \_\_\_\_\_ was the first city to pass a \$15/hour minimum wage.
2. Some people are being paid more, they're the winners. But for many people who wanted jobs...the minimum wage is having an opposite effect...costing thousands of jobs and actually hurting \_\_\_\_\_.
3. The politicians, in Seattle especially, have no sense whatsoever about what it means to \_\_\_\_\_ like us.
4. Esther Rhodes won the high school essay contest. Her essay pointed out that America's first minimum wage laws were \_\_\_\_\_.
5. Congressman Allgood said he hoped the minimum wage would stop "cheap colored labor in \_\_\_\_\_ competition with white labor."
6. And today it still keeps entry-level workers from finding work, but the politicians don't understand the \_\_\_\_\_.
7. But while it helps some, it harms many others, especially \_\_\_\_\_, who may now not be offered their first job.

**Now, take a few moments to reflect on the video and answer the questions below:**

What did you learn about minimum wage that challenged your current knowledge or beliefs on the subject? \_\_\_\_\_

\_\_\_\_\_

Is this segment on minimum wage fair and balanced or biased in favor of or against raising the minimum wage? \_\_\_\_\_

What examples from the video can you cite to support your answer? \_\_\_\_\_

\_\_\_\_\_

### **Discussion and Analysis:**

1. What is the difference between minimum wage and living wage?
2. What is an entry-level job?
3. Why might some people support raising the minimum wage? Why might some people oppose raising it?
4. Do the benefits of raising the minimum wage outweigh the costs? Explain.
5. How many of you have a job? Do you consider it an entry-level job? What would be the consequences if your employer were forced to pay you \$15/hour? What about \$20/hour? What about \$25? Is there a pattern here?
6. Why might a \$15/hour minimum wage discourage business owners from hiring beginners?
7. If you received a raise because of an increase in minimum wage and your co-worker and friend lost her job, what would you say? What if you lost your job and your friend got the raise?
8. Why would Dillon Hodes say his friend “wasn’t worth \$12/hour to Kroger”?
9. Why did the small business owner stop hiring and training young people?
10. According to the video, what European countries have no minimum wage? [Iceland, Norway, Sweden, and Switzerland]
11. What do you think about the revelation that minimum wages were originally enacted to increase white employment at the expense of black job applicants?
12. The intent of early minimum wage laws shows that politicians understood that there were negative effects. Why don’t today’s politicians seem to think there are any negative effects?
13. What might be the impact of minimum wage increases on unemployment? Explain.
14. What happens to the costs of goods and services when minimum wage goes up?
9. What alternatives do employers have to paying the \$15/hour minimum wage?
10. Explain this quote as it relates to raising the minimum wage: “*The intentions are irrelevant to the effects.*” -Walter Williams
11. What other societal problems are connected to this minimum wage issue?

### **Discuss These Lines from the Video:**

1. I think [a minimum wage increase is] pretty awesome since I benefit from it.
2. It’s really presented by minimum wage advocates as a win-win. It’s a win-win. It’s a win-win for employers. It’s a win-win for workers.

3. She points to stores like this one where the owner used to hire kids and train them, but once Seattle raised the minimum wage, she stopped hiring beginners.
4. Minimum wage actually hurts my chances of getting employed.
5. America's first minimum wage laws were racist. At the time, blacks were often paid less, but they were more likely to be employed than whites.
6. Congressman [Clayton] Allgood said he hoped the minimum wage would stop "cheap colored labor in competition with white labor."

### **Quotes for Discussion:**

It is no small thing for an American to be able to go into a fast-food restaurant and to buy a double cheeseburger, fries, and a large Coke for a price equal to less than an hour of labor at the minimum wage - indeed, in the long sweep of history, this represents a remarkable achievement.  
– Michael Pollan

Raising the minimum wage is the right thing to do, but it's a popular thing to do as well.  
– Nancy Pelosi

The real minimum wage is zero.  
– Thomas Sowell

I have no issue with raising minimum wage, but then the customer can't say to us, "Why are you raising your prices?"  
– Tilman J. Fertitta

I don't know of a single economist who disagrees that when you raise the minimum wage, you kill jobs for the poor.  
– Newt Gingrich

One of the great constraints on economic growth and employment is that the tax and benefits system has grown up over generations and does not give the right incentives. Increasing the minimum wage does not solve this problem.  
– Jacob Rees-Mogg

### **Activities:**

1. Distribute the Minimum Wage Hurts Beginners PMI Chart and have students complete it after watching the video or for homework.
2. Show the class FEE's video, "Who Is the Minimum Wage Really Protecting?"  
<https://www.youtube.com/watch?v=ordzgpuw4Mk&vl=en>
3. Produce a "man-on-the-street" video in which you ask people what they think about raising the minimum wage. Then, ask them to what positive effects might result and what negative effects might result from an increase in the minimum wage.
4. Research and create a slideshow presentation that explains the positive and negative effects of raising the minimum wage. Be sure to include real-life examples.
5. Interview several small business owners about how an increase in minimum wage would likely affect their business. Share your findings in a written, oral, slide show, or video summary.

6. Interview several minimum wage jobholders. Be sure to interview workers of different ages, family size, education levels, etc. What explains why they are working in a minimum wage job? How might an increase in minimum wage affect their employment status and their life? Share your findings in a written, oral, slide show, or video summary. For extra credit, try to determine why some workers advance beyond minimum wage or entry-level jobs and others do not.
7. Research minimum wages in all 50 states, and select several states with the highest and lowest minimum wage. Then, compare the standard of living in those states. Do your findings support either a state-by-state approach to minimum wage or a national minimum wage? Share your findings in an essay, oral presentation, or slide show.
8. Research and report on the reasons Iceland, Norway, Sweden, and Switzerland do not have a minimum wage. What are their unemployment rates? How do their unemployment rates compare with other European countries? Share your findings in a slide show or oral presentation, or on a poster board.
9. Amazon now pays its employees at least \$15/hour. Further, it has announced support for a \$15 minimum wage nationwide. A) Research the differences a minimum wage increase would have on big companies vs small companies, or B) Research Amazon's investments in robotics and AI that will help them reduce the number of employees. For both A and B, determine if Amazon is being altruistic or if it is a tactic designed to help Amazon at the expense of its competition.
10. Conduct a classroom debate on increasing the minimum wage.
11. Take Cornell Notes (two-column notes) as you read one of the following articles, or write a summary of one of the following articles.  
  
    "On The Historically Racist Motivations Behind Minimum Wage" by Carrie Sheffield  
    <https://www.forbes.com/sites/carriesheffield/2014/04/29/on-the-historically-racist-motivations-behind-minimum-wage/#232d1ebf11bb>  
  
    "How the Minimum Wage Laws Increase Poverty" by George Reisman  
    <https://mises.org/library/how-minimum-wage-laws-increase-poverty>  
  
    "The Racist History of Minimum Wage Laws" by Chris Calton  
    <https://mises.org/wire/racist-history-minimum-wage-laws>
12. Write and produce a 30-second public service announcement (PSA) in which you support or oppose increasing the minimum wage in your city or state. Be sure to advocate strongly for the side you take, using evidence to support your position. The PSA may be presented as a video (TV spot), audio (radio spot), slide show, or on a storyboard. The PSA may be a group or individual project.
13. Conduct research on current entry level job data in an effort to answer to these questions: What age group tends to fill these jobs? How long have the workers been employed? Are the jobholders pursuing other careers or education? Are these workers skilled or unskilled? What conclusions can you draw from the data?
14. Write a persuasive essay in which you explain the arguments for and against raising the minimum wage in the United States, or in your city or state, and take a position on whether it should be raised.

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Per \_\_\_\_\_

Teacher \_\_\_\_\_

### Minimum Wage Hurts Beginners PMI Chart

**P = Plus:** What might be some positive effects of raising the minimum wage?

**M = Minus:** What might be some negative effects of raising the minimum wage?

**I = Interesting:** What are some interesting aspects of raising the minimum wage?

+ Plusses +	- Minuses -	I

Weighing the plusses and minuses of raising the minimum wage, do you favor or oppose such a move? \_\_\_\_\_

Explain: \_\_\_\_\_

If raising the minimum wage helped some people but cost you your job, would you answer differently? \_\_\_\_\_

Explain: \_\_\_\_\_

Should people have the right to decide for themselves? \_\_\_\_\_ Why / Why not?

Why? / Why not? \_\_\_\_\_

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_ Per \_\_\_\_\_

Teacher \_\_\_\_\_

## Minimum Wage Hurts Beginners K-W-L Chart

**Directions:** Complete the **K** and **W** sections prior to watching the video. After you have seen the video, complete the **L** section and answer the two questions below the K-W-L chart.

<b>K</b>	<b>W</b>	<b>L</b>
What I know about the minimum wage:	What I want to know about the minimum wage:	What I've learned about the minimum wage:

Based on what I have learned about the minimum wage, I think \_\_\_\_\_

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