

Waging war on black teens

By Richard W. Rahn and Izzy Santa
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Congress believes it has the solution to America's epidemic of joblessness: a so-called jobs bill whose centerpiece is a tax credit for companies that hire one of the 15 million unemployed.

Many legislators from the Congressional Black Caucus criticize the bill for not going far enough. And they are right. It doesn't remove one of the many factors that has caused higher unemployment: a government-imposed minimum wage.

Today, black unemployment is almost 16 percent and was at a 25-year high, even as the overall unemployment rate declined from 10 percent to 9.7 percent.

Teenaged black males, whose unemployment rate is currently 44.9 percent, up from 39.2 in July (when the minimum wage hike took effect), have been hurt the most by the recession. In fact, November—five months after the wage hike—saw unemployment for this demographic reach 57.1 percent—the second highest rate on record at the Bureau of Labor Statistics.

Three years ago, then-Sen. Obama and prominent African-American organizations thought a hike in the minimum wage would empower minorities.

So how much should workers be paid? \$100 per hour? \$25 per hour? \$7.25 per hour (the current federal rate)? Or zero? For 95 percent of workers a wage of a \$100 per hour would be a significant raise. But most people understand that very few people would have jobs at a minimum wage of \$100 per hour—so there are few, if any, advocates for that rate.

After a nine-year battle, when July's increase in the minimum wage took effect, the Democratic Policy Council declared, "This was a long overdue raise for American workers." Maybe for some workers, but the 3 million blacks currently unemployed are now feeling the pain.

The minimum wage hike has cost employers more, an additional \$2.10 per hour, and forced employers to lay off many minimum-wage workers—most of them young people who had their first real job—causing for an overall rise in black unemployment.

Think back to when you were a teenager, and needed, or wanted some extra cash. Would you have been better off not getting a job at the set minimum wage, or would you have

been better off getting a job at 20 percent less than the minimum wage at the time? It's hard to argue that no job is better than a lesser paying job.

These alarming unemployment figures have now prompted the Congressional Black Caucus and others who advocated for higher wages to fix their first mistake by asking the President and Congress to develop a job creation plan that targets areas of chronic unemployment.

Congress' latest jobs proposal, however, completely undermines the argument for a higher minimum wage. The logic for the tax credit is that if labor becomes cheaper, by way of a credit subsidy, businesses will hire more people. The cognitive dissonance on display is astounding.

Employers will hire more workers of any given experience and skill level when the cost of doing so is lower. The fact is, few people stay at the minimum wage for very long. Once they learn basic job skills—showing up on time, working hard, and the mechanics of the job they are doing—their value to their employers increases, which is reflected in higher wages.

It is unconscionable that these young people with relatively few skills are prevented from being productive members of society because politicians choose to ignore basic economics. The fastest and most straightforward way to empower minorities and reduce unemployment is to end the imposition of mandatory minimum wages at levels well above what the market can afford.

But, as is the case all too often in Washington, politics trumps rational argument and true compassion.

In 1968, weeks before his death, Martin Luther King Jr. said, "If a man doesn't have a job or an income, he has neither life nor liberty nor the possibility for the pursuit of happiness. He merely exists."

In this case, the ones merely existing are the most disadvantaged, in particular, black male teenagers who pay the price with their forcible exclusion from the work force.

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