



Good Intentions, Bad Idea

Publication

8.01.07

It was practically inevitable that the federal minimum wage would increase. The figure had remained at \$5.15 per hour for nearly ten years, and the political pressure to raise it became irresistible. That's unfortunate; the law of unintended consequences will bite many American workers as a result.

So why isn't this great news for employees? For one thing, some employers will hire fewer employees as a result, and the impact is likely to fall most-heavily upon individuals at the lower end of the wage scale. And no one can really know how many employers will cap, eliminate, modify, or forgo benefits of one kind or another in response to increased wages. Moreover, an across-the-board rise in U.S. employment costs will be counterproductive in these days of globalized economy.

This article appeared in the July/August, 2007 issue of *Atlanta Business Magazine*.