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Working poor aren't so static

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In recent days, various states, including Arizona, Maryland, Minnesota, and Wisconsin, have been debating the merits of an increase in their minimum wage laws. And now the federal government is getting into the act. Members of the Senate - Republicans and Democrats - have put forth plans that would boost the federal minimum wage.

U.S. Sen. Rick Santorum's, R-Pa., plan to boost the minimum wage to \$6.25 per hour, is being touted as an alternative to a proposal by U.S. Sen. Edward Kennedy, D-Mass., which would raise it to \$7.25. Both plans would significantly boost the current minimum wage of \$5.15 per hour. But there are sound economic - and moral - reasons for rethinking a 21 percent to 40 percent hike in this legal minimum.

Setting aside the obvious political dimension to this question, we can assume that for many people of good will a push for a minimum wage increase is motivated by the best of intentions. Working people who are not earning enough to provide for their basic needs are an appropriate target for concern.

But it is important to begin with a few basic moral truths. First of all, Christianity has always professed that human beings have dignity, weight, and worth because they are created in the image of God. All human beings, regardless of gender, race, creed, or ability, are deserving of respect and justice.

That human beings are to be justly rewarded for their work is a biblical principle. Indeed, we are called to be productive so that we can possess

wealth to use in God's service. The Heidelberg Catechism states that each person is to "work faithfully so that I may share with those in need."

Second, human beings possess creativity. Our needs are met and our humanity is most realized when we can apply our intellect and creativity to the nature of things. In the words of Pope John Paul II, "Work is a good thing for man - a good thing for his humanity - because through work, man not only transforms nature, adapting to his own needs, but he also achieves fulfillment as a human being and indeed, in a sense, becomes more a human being."

**We start work at entry level,
but don't stop there;
mandatory pay hikes will
have negative effects.**

So, what's wrong with increasing the minimum wage by 20 percent? The problem with such measures lie in their faulty economic assumptions. This is fundamentally a question about the rational functioning of labor markets, not solely about the quality of a person's compassion for working people.

The first mistaken assumption is that the "working poor" is a static group that always remains the same. But the minimum wage does not encompass a particular class of people. Low paying jobs, for the vast majority of people, are entry-level jobs. They are where we begin, not where we end. The second faulty assumption is that there will be no economic effect: people making \$5.15 will soon be paid \$6.25 or even \$7.25 and every-

thing else will remain the same. But this simply isn't the case. When the government puts in place a certain public policy, there is always some response that comes from the marketplace. In public-policy circles, this is called the elastic effect.

This leads to negative consequences that are equal to, or sometimes worse than, the problem that the policy for example, point out that forced increase in wages would increase unemployment by 1 percent to 3 percent.

The extra costs produced by an increase in minimum-wage legislation will not all be borne by the affected companies. The companies will, wherever they can, pass along the costs to those who buy their products (likely including the employees who have just had their wages raised).

Increasing the minimum wage also encourage businesses to go to other states or nations, where labor costs are relatively cheaper. Does the U.S. government really want to provide more reasons for domestic businesses to send jobs overseas?

Failure to think through the assumptions of raising the minimum wage and disregard for the economic effects will not do anyone any good. Legislators and religious leaders should think long and hard before they lead with their hearts and ignore what their heads ought to be telling them.

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