

[Yes, the minimum wage really does reduce the number of jobs](#) [1]

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We're back to Bastiat and what is seen and unseen I'm afraid in this latest research into the effects of the minimum wage. It isn't that a rise in the minimum wage is going to immediately cause the mass unemployment of millions. Rather, that over time the rise in the minimum wage is going to lead to fewer jobs [being created](#) [3]:

The findings are unequivocal: higher minimum wages lead to lower rates of job growth. Indeed, a ten percent increase in the minimum wage causes roughly half a percentage point reduction in the rate of job growth, a very large effect. The effect of this hypothetical increase is not permanent, though, since it is eroded by inflation and increases in the state's comparison group. Our calculations show that this ten percent increase in a state's real minimum wage, relative to its regional neighbours, causes a 1.2% reduction in total employment relative to what it would have been.

Now of course that's in the US, with their easy ability to relocate either production or labour across state lines.

But there's another point to this as well. If the major effect of a minimum wage is to reduce the creation of entry level jobs then the major group of people who will suffer from a minimum wage are those looking for entry level jobs. The young, the untrained and the unskilled: all of those who are already the poorest in our society. And it's also true that we can track the rising minimum wages, in both the UK and US, against rising teen and youth unemployment: they've been moving in near lockstep.

The takeaway point from that being to wonderwhy on earth there's so much political support for a minimum wage. Why do people support something whose major effect is to screw over their own children when it comes for the time for them to enter the labour market?

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