

[Common Error No. 47](#) [1]

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47. "A national minimum wage prevents the exploitation of young workers."



Many young people make less useful employees than those with a few years experience. They may have enthusiasm and energy, but have yet to learn the habits of work, and the preferred ways of doing things. They have to be trained, and to learn, and this costs time and attention. This disadvantage is made up by the lower wages generally paid to young employees; they may not yet be worth as much as older ones, but this is compensated for because they don't cost as much.

When the state sets a minimum wage, it is legislating to have young employees paid more than the market rate. In some sectors this is not a problem, but in others employers might find it not worthwhile to employ any at the required rate. The result in the US has been that whenever Congress has raised the minimum wage, there has been an increase in youth unemployment, worst for ethnic minorities.

It's like fixing the price of anything. You can't make it worth more than it actually is, but legislators can alter the supply, in this case of jobs. The UK minimum wage recognizes this by setting a lower rate for younger employees. Low wage campaigners don't like this, but it has ameliorated the youth unemployment that a standard minimum wage would have caused. If employers have to pay young people the same rate as more useful employees, they are less likely to hire them. However, young people have an economic advantage when they cost less; it gives them a selling point when they might otherwise have none.

The great majority of top CEOs in the US started employment in a low wage job. If those jobs had been priced out of existence by high minimum wages, many of them might never have got that vital first start. Far from preventing the exploitation of young people, minimum wages can seriously damage their prospects.

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