

YouTube Title: Does the Minimum Wage Hurt Workers?

<http://www.youtube.com/watch?v=Ct1Moeaa-W8&feature=relmfu>

Video Length: 4:20 minutes

The Economy Today Chapter 30: The Labor Market

The Micro Economy Today Chapter 16: The Labor Market

The Economy Today Learning Objective 3: How wage floors alter labor market outcomes.

Topics: Price floor

Key Terms: Minimum wage, labor supply, demand for labor, market surplus

Summary

Professor Antony Davies of Duquesne University explains the unintended consequences of minimum wage laws.

Economic Application

The minimum wage sounds nice on the surface: workers earning \$8 per hour would certainly be better off if they were earning \$12 per hour instead. This view of the minimum wage overlooks an important detail: The minimum wage does not force employers to pay a particular wage to every worker; it forces employers to pay a particular wage to every worker they choose to keep. While the minimum wage may be well-intentioned public policy, it often hurts the least-skilled workers.

Multiple-Choice Question

A legal minimum wage does all but which ONE of the following?

- a) Reduces the quantity of labor demanded
- b) Increases the quantity of labor supplied
- c) Creates a market surplus of labor
- d) Creates a market shortage of labor

Discussion Question

A common argument in favor of minimum wage laws is that they are necessary to prevent employers from taking unfair advantage of their employees. What is the flaw of this argument?