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## What David Brooks Doesn't Get About the Minimum Wage

By Jordan Weissmann



Reuters

According to David Brooks, the problem with income inequality is mostly just that liberals won't stop gabbing about it. Class consciousness, he writes in his *Times* column [today](#), is bad for political compromise and bad for America. Not only that, but it's also bad for your *thinking*, because:

*...it leads to ineffective policy responses.* If you think the problem is 'income inequality,' then the natural response is to increase incomes at the bottom, by raising the minimum wage.

But raising the minimum wage may not be an effective way to help those least well-off. Joseph J. Sabia of San Diego State University and Richard V. Burkhauser of Cornell [looked at the effects of increases in the minimum wage](#) between 2003 and 2007. Consistent with some other studies, they find no evidence that such raises had any effect on the poverty rates.

Brooks is right that raising the minimum wage isn't a silver bullet for poverty, in large part because the poor [tend to be unemployed](#) (though recent research suggests it might be more effective than he [seems to think](#)).

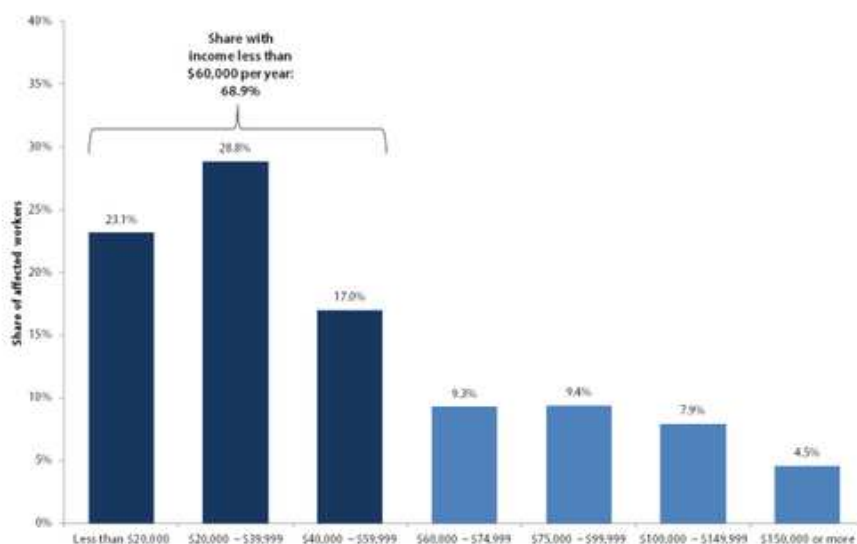
But the best reason to raise the minimum wage is not about the very poor. It's about middle-class stagnation. Indeed, the biggest beneficiaries of a minimum wage hike would likely be working, largely middle-class families—an enormous group of people that Brooks never even considers in his column.

Take the paper Brooks cites by Sabia and Burkhauser. It shows that, if the minimum wage were raised to \$9.50, and there were no job losses as a result, only about 11 percent of the benefits would go to

households living below the poverty line. (Check out Table 7). However, it says that around 60 percent would go to households earning less than three times the federal poverty guidelines, which today would be just around \$70,000 for a family of four. Even if you assume fairly high levels of job losses, the paper still suggests that working families—both poor and middle class alike—collectively come out ahead on pay.

That tracks roughly with what researchers at the (liberal) Economic Policy Institute have found in their own analysis. About 70 percent of workers that would benefit from a minimum raise increase to \$10.10 an hour live in families earning less than \$60,000 a year.

Family income of workers affected by raising the federal minimum wage to \$10.10 by July 2016



Source: Author's analysis of Harkin-Miller proposal using Current Population Survey Outgoing Rotation Group microdata

Economic Policy Institute

Raising the minimum wage is going to put some money into middle-class and poor families' pockets. Some of that cash might come back out thanks to higher prices at restaurants and big box stores, but I have yet to find an economist who believes that 100 percent of a wage hike would be passed back to consumers. In the end, it's probably going to redistribute some wealth downward, either by cutting into business profits a bit, or by siphoning off cash from higher-income shoppers and diners. (Remember, even relatively wealthy families go to Walmart). Would that solve income inequality on its own? Absolutely not. But almost by definition—we are talking about *redistribution* after all—it would help.

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