

Minimum Wages—Study questions

1. If employment is a *seller-buyer* relationship—the employee is the seller of labor and the employer is the buyer of labor—then is a wage is the *price* of employment?
2. Is it accurate to say that minimum wage advocates argue that *Wages should be what the labor-seller needs* while minimum wage opponents argue that *Wages should be based on the value of the labor to the labor-buyer*?
3. Is part of the debate also essentially about *politics*, i.e. who should have the *power* to determine wages—one side arguing that the employer and the employee should decide via negotiation and voluntary agreement while the other side argues that it should be the government that decides by mandate?
4. How do advocates of minimum wage argue that free-market wages sometimes amount to predatory exploitation?
5. If the minimum wage is set at, say, \$15/hour, then what effect will that have on the employees whose productivity is worth less than \$15/hour?
6. Some businesses make little or no profit. What effect on employment will a minimum-wage increase have for those businesses?
7. Automation by robotics and artificial intelligence is gradually replacing mechanical, repetitive work done by employees. What likely effect will minimum wage increases have on the rate of introduction of automation by employers?
8. Wage rates for unskilled and low-skilled work vary across US States and internationally. What likely effect on outsourcing and business relocation do minimum wage increases have?
9. If the government mandates a minimum wage, does that mean that volunteering should be illegal, since working for free is working for less than the minimum wage?
10. Does the paternalism of minimum wages violate a worker's freedom, as the minimum wage makes it illegal for workers to accept a wage lower than the government allows?

11. In *Adkins v. Children's Hospital*, the Supreme Court decided that a minimum wage was unconstitutional price-fixing. Why?
12. [Linda Gorman](#) cites a survey of professional economists on the impact of minimum wages. Why is the result of that survey of *economists* significant given the popularity of minimum wages among *politicians*?
13. If a minimum wage increase to, say \$15/hour is a good policy, wouldn't an increase to \$30/hour be twice as good? Or \$150/hour ten times as good?
14. Minimum wage increases are intended to benefit low-skill workers, yet unions that represent high-skill workers (electricians, carpenters, plumbers, etc.) are typically strongly in favor of minimum wage increases. Why?