

**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?