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Analysis on the Minimum Wage Debate: Formal Outline

Primary Claim: Political leaders should consider raising the minimum wage to a certain amount where the inflation from this increase is miniscule.

1. Introduction
2. Common sense seems to dictate that the minimum wage has a tremendous impact on most citizens in the United States and how large and small businesses perform in the United States.
	* 1. When it comes to the issue of increasing or keeping the current federal minimum wage, half of Americans readily agree that an increase in the minimum wage directly corresponds to high inflation.
		2. After high school, there is a possibility that I take over my parents’ business if my main career goal in life is not met.
3. I have always believed that the issue of minimum wage has a significant impact on small businesses in America.
4. Because of this predicament, political leaders should raise the minimum wage to a certain amount where the inflation from this increase is miniscule.
5. Defenders of increasing or keeping the current minimum wage cannot have it both ways.
6. Although I have formed my own proposal, many economists and political activists have created solutions to tackle the minimum wage issue.
7. Literature Review
8. The idea of minimum wage had excellent intentions, but the concept soon grew into a controversial topic.
	* 1. In 1938, the Fair Labor Standards Act initiated the first minimum wage of twenty-five cents per hour in the United States (What Is the History of the Minimum Wage?).
		2. Since the enactment of this act, many states including New York, Alabama, and Tennessee have decided to create their own minimum wage (What Is the History of the Minimum Wage?).
		3. Because many states took initiative to change their own minimum wage, plenty of citizens began to question why the government has not changed the federal rate in years, which sparked the issue into a recent debate.
9. The creation of the minimum wage debate has ignited a divide within the viewpoints of many Americans.
10. Some Americans oppose an increase in the minimum wage because they believe that an increase will cause a rise in inflation.
11. Even though the minimum wage could have been raised in the past, Paul Krugman, a prominent professor of economics, believes that “for about four decades, increases in the minimum wage have consistently fallen behind inflation, so that in real terms the minimum wage is substantially lower than it was in the 1960s.”
12. Labor movements such as the Fight for $15 protest the current minimum wage and believe that a raise in the minimum wage will increase motivation for many hardworking Americans (Chen).
13. Although a countless number of advocates for the current federal wage lists positives about an increase in the minimum wage, these advocates cannot convince the business owners in America.
	1. Because many business owners have to pay towards a part of the government benefits provided to their employees, some owners feel stressed due to the number of government subsidies.
	2. Due to these subsidies, typically, a business owner opposes an increase in the minimum wage because it raises the cost of employment.
	3. Still, some business owners feel skeptical as they believe that only the employees will receive benefits.
14. Even if top economists provide business owners with assurance that their business will remain safe after an increase, most business owners believe that the minimum wage does not offer any benefits to their establishments.
	1. Often times, mandates placed upon businesses cause increases in the cost of employment.
	2. Because of these regulations, business owners feel as if they have no other option but to charge higher prices to consumers.
	3. Raising the minimum wage secures the step towards a better future for workers, but unfortunately, a drastic change in the current federal rate can potentially damage businesses.
15. While some citizens believe in protocol that protects businesses from any wage increase, many activists and citizens want to ensure the sustainability of low-wage workers.
	1. According to many American citizens, the wage does not support a low-wage worker when considering the cost of living which includes food, healthcare, and housing.
	2. In the past, Pollin concluded that some Americans believe that “the unfairness of the $6.25 minimum in mid-2009 becomes clearer still when we consider the combined effects of price increases (inflation) and rise in labor productivity.”
	3. Although most businesses in America will profit if the minimum wage rises, business owners feel afraid that the cost of employment will drastically jump and overlook the concept of minimum wage affects the social aspect within modern society.
16. Besides the economic aspect of the minimum wage debate, advocates for raising the minimum wage believe that a raise ensures a change within social classes in America.
	1. Many political movements across the United States protest against the huge gap between the wealthy and the poor.
	2. Others like Perez want to ensure that the United States provides an equal opportunity for everyone to succeed.
	3. All-in-all, economists and activists want to provide a better future for the business owners and laborers of America, but tend favor one side over the other.
17. Argument
18. In response to the minimum wage debate, prominent people such as economists and political leaders have formulated solutions towards maintaining economic stability in the future of the United States.
	* 1. Economists like Pollin and Krugman support a drastic increase in the current federal rate and believe that workers will become independent and motivated.
		2. Although I agree with Pollin, Krugman, and Dunkelberg to a point, I cannot accept their overall conclusion that the minimum wage needs to either remain the same or increase drastically because of the potential risks on small business owners and the unfairness of the current federal wage when considering the amount of labor low-wage workers finish.
		3. Therefore, the minimum wage should increase in small increments because low-wage workers deserve a slight increase in their wage, and the inflation on the American economy should be limited.
19. Because of the current federal rate’s unvarying condition, Secretary Tom Perez calls for an increase to remove the social injustice among every low-wage worker (Perez).
20. My discussion of what Secretary Perez calls an injustice is in fact addressing the larger matter of increasing the standard of living for every low-wage worker in the United States.
21. By increasing the minimum wage in small increments, these workers can afford more necessities such as food and health insurance.
22. Many Americans assume that any increase to the current federal rate will cause severe inflation upon the U.S. economy.
	1. However, in 1997, the minimum wage hike of forty cents did not have an impact on the unemployment rate, which means that the raise in the minimum wage did not lead many small businesses towards increasing the price of their good to compensate for their losses (Pollin).
	2. Pollin’s theory of “raising the minimum wage too high or too rapidly will discourage businesses from hiring” is extremely useful because it sheds insight on the complicated problem of when and how should the government raise the wage.
	3. By increasing the federal rate in small increments, small businesses across the U.S. will remain motivated to hire low-wage workers and the inflation upon the economy will remain virtually nonexistent.
23. Conclusion
24. After studying the minimum wage debate, I have concluded that the minimum wage affects multiple areas within our modern society and that the minimum wage should benefit both the employer and the employees.
	* 1. Currently, from an economic standpoint, the minimum wage can either damage the employers and consequently, hurt low-wage workers or help low-wage workers and promote economic progress.
		2. In addition, any change in the current federal rate will have an effect on the equality between the low, middle, and upper class.
25. Nonetheless, future policies revolving around minimum wage impact the United States on such a broad scale as it legally affects every business in the country.
26. By increasing the minimum wage over the course of time, the risks on low-wage workers and employers will decrease drastically as most businesses can afford the slightly increasing cost of employment.
27. Correspondingly, a varying amount of government programs such as Medicaid have a dependence on the federal rate.
28. Even though the United States has a number of issues needing critical attention, the future government should consider taking action for the economic advancement of the United States and the stability of low-wage workers.