



The Daily Dish

Early “Returns” on the Fight for 15

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[According to a new report the Trump Administration](#) is expected to cut \$1 billion from the United Nations budget. The report released this week by Foreign Policy says that the Trump Administration has told the State Department to “brace for the reductions.” The White House stated that the president plans on putting more focus on funding programs at home rather than abroad. Last year the United States contributed close to \$10.5 billion to United Nations programs.

[This week the American Action Forum released a new analysis](#) examining President Trump’s regulatory freeze. The analysis illustrates how impactful the president’s regulatory freeze has been to date and finds it has already made a difference in limiting regulatory costs.

Eakinomics: Early “Returns” on the Fight for 15

The drive to raise the minimum wage — notably the “Fight for \$15” organization — was a central feature of the electoral landscape in 2016. Indeed, 12 states implemented new laws that raised the minimum wage in January this year. (Another 7 saw the minimum wage raised to account for inflation.) The [concerns](#) over raising the minimum wage are by now familiar: it inhibits the pace of job creation and hiring, particularly for the poorly educated and low skilled; it is not targeted on those in poverty and genuine need; and it induces a perverse redistribution from those who don’t get a job to those that have a job.

Recently, the Bureau of Labor Statistics (BLS) released its January State Employment and Unemployment report. In response, AAF’s Ben Gitis took an early [look at the data](#) to see how those states’ labor markets are responding to the January minimum wage increases. What did he find? Month-to-month private sector job growth slowed substantially between December and January in states that implemented new minimum wage laws, and employment in the leisure and hospitality industry — which relies heavily on low-skilled workers — actually declined.

Specifically, in 2016 those 12 states employed 32.4 percent of all workers and added a comparable 37.4 percent of the private sector jobs added in January 2016. This year, however, despite the fact that 32.5 percent of all employees worked in one of the 12 states, employment in those states increased by 61,300, only representing 21.4 percent of all jobs added in January 2017.

The impact on the leisure and hospitality industry — that frequently employs low-wage workers and is consequently most likely to be directly impacted — is even more striking. In the states that did not implement new minimum wage laws, leisure and hospitality employment grew by 23,800 jobs, while in the 12 that did raise the minimum wage employment declined by 4,300.

These results are, at best, suggestive and a lot more evidence will be required to reach firm conclusions. But they are an interesting early read on the impact of these new wage laws.