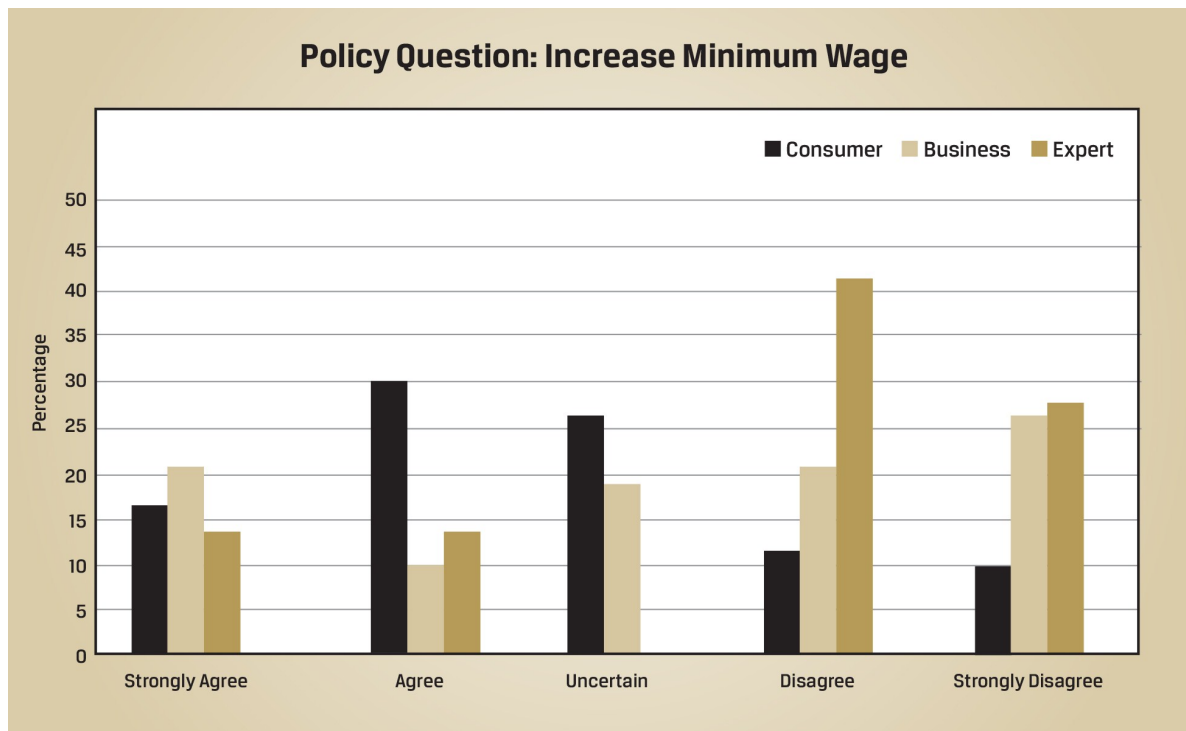


April 2014

Experts and executives at odds with consumers over minimum wage increase

[Question posed: The costs (lost jobs or higher prices for consumers or less profits for business) of raising Michigan's minimum wage to \$10 per hour from the current \$7.40 per hour are sufficiently small compared with the benefits to low-skilled workers who can find employment at the higher wage; therefore this would be a desirable policy.]



Five of seven economic experts or 70 percent disagree that raising the minimum wage is a desirable policy for Michigan. The 47 business executives were also negative about increasing the minimum wage with 49 percent disagreeing compared with 32 percent agreeing. The 468 consumers support the minimum wage increase with 47 percent agreeing and 22 percent disagreeing.

Concern about raising the minimum wage focused on the long-term effects on labor markets, especially the impact on teenagers and low-skilled workers who will have a more difficult time obtaining work experience. There was also a concern that raising the minimum

wage will increase the use of capital (new technology) to replace low-skilled workers.

ABOUT POLICY FORUM

The policy forum explores the extent to which Southeastern Michigan economists, business executives, and consumers agree or disagree on a major public policy issues facing Southeastern Michigan. The question is included on the quarterly Business and Consumer Confidence surveys and on the Expert Panel Forecast survey conducted by the Economic Outlook Project at Oakland University.