

The Effect of Minnesota's Minimum Wage Hike on Black and Hispanic Employment (revised)

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A week ago the Daily Wire published an article showing how Minnesota hiking its minimum wage from \$6.15 to \$8.00 an hour in 2014 [put a damper](#) on the growth of limited service restaurants. Data from Minnesota's [Department of Employment and Economic Development](#) provides evidence that this policy disproportionately affected blacks and Hispanics (Fig 1 & 2).

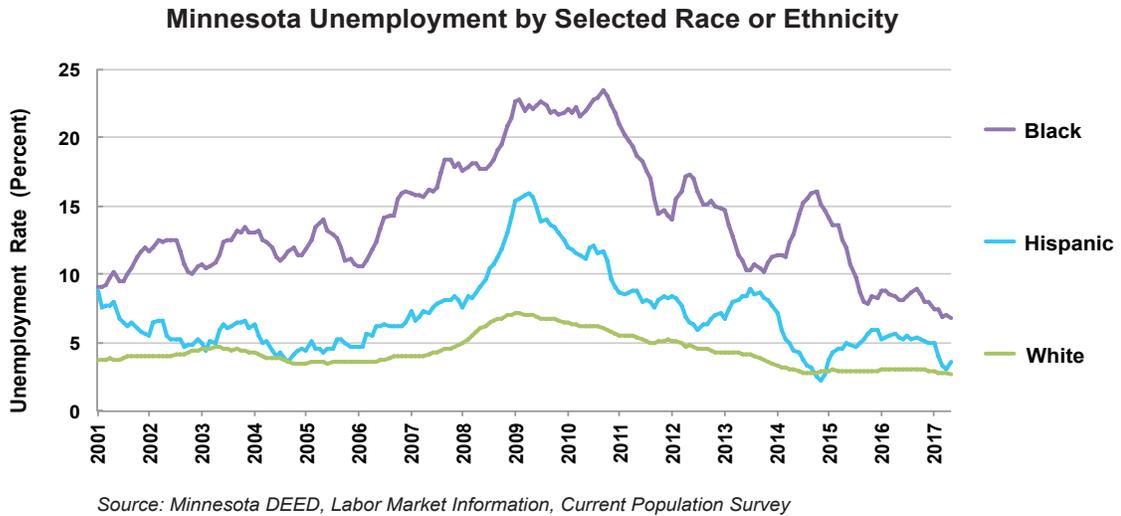


Fig. 1

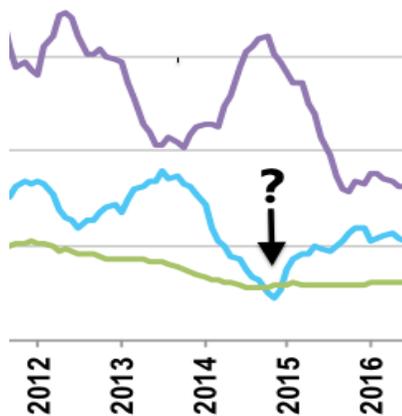


Fig. 2

From 2014 to 2015 the [gap](#) between black and white unemployment in North Star state jumped from about 6% to a shocking 11.2% (Fig. 1). Black unemployment in Minnesota increased by more than a third because people of color disproportionately rely on the minimum wage jobs that are often provided by limited service restaurants. White unemployment was not significantly affected, but what about other minorities? If Hispanics also compete for these jobs, why did their unemployment *decline* when so many African-Americans were losing their jobs (Fig. 2)?

According to [Foreign Policy Magazine](#), high minimum wages compel small businesses to hire undocumented workers. Since a Pew survey determined that [5%](#) of Minnesota's population is Hispanic and [2.7%](#) of her labor force is undocumented, a substantive portion of the Hispanic labor force in Minnesota is probably being paid under the table. When your [profit margin is only 2%](#), hiring illegal aliens might be the only way to stay in business following a hike in minimum wage.

Prior to the implementation of the federal minimum wage, nationwide black labor participation was [the same](#) as that of whites. "Non-white" unemployment started to diverge from that of whites following implementation of the [Davis-Bacon Act](#) in 1931 and the [Fair Labor Standards Act](#) in 1938. This gap grew dramatically following a series of wage hikes that [raised the minimum wage](#) from 40 cents an hour in 1949 to \$1.00 an hour in 1956. In effect, the federal minimum wage [deprived African-Americans](#) of the most important leverage they had for competing with whites.

Since bargaining for less pay is often the only way that people with fewer marketable skills can compete, regulating wages to ensure more "equity" invariably results in less equitable workforce participation. This is precisely why Milton Friedman rightly called minimum wage "[the most anti-negro law on our statute books](#)".

Links (in case the hypertext does not work):

American Thinker Link

https://www.americanthinker.com/blog/2018/06/minimum_wage_hikes_not_so_good_for_black_and_hispanic_employment.html

MN growth of fast food jobs

<https://www.dailywire.com/news/31529/minnesota-raised-minimum-wage-wisconsin-didnt-hank-berrien>

DEED

<https://mn.gov/deed/data/research/>

Unemployment gap

<https://247wallst.com/economy/2016/12/17/white-unemployment-by-state/>

When min wage rises, illegal employment increases

<http://foreignpolicy.com/2014/04/01/why-upping-the-minimum-wage-requires-immigration-reform/>

5% Hispanic in MN

<http://www.pewhispanic.org/states/state/mn/>

2.7% of labor force in MN

<http://www.pewhispanic.org/interactives/unauthorized-immigrants/>

Profit margin

<http://smallbusiness.chron.com/average-profit-margin-small-business-23368.html>

Unemployment of whites vs. non-whites 1890-1990

<https://notesonliberty.com/2016/12/03/when-black-unemployment-rates-were-equal-to-white-unemployment-rates/>

Davis-Bacon Act & black unemployment

<https://fee.org/articles/davis-bacon-jim-crows-last-stand/>

Fair Labors Standards Act & black unemployment

<https://panampost.com/editor/2016/03/28/history-minimum-wage-harmed-blacks/?cn-reloaded=1>

Minimum wage trends

<http://money.cnn.com/interactive/economy/minimum-wage-since-1938/>

Min wage history

<https://www.epionline.org/oped/o69/>

<https://mises.org/wire/racist-history-minimum-wage-laws>