This assignment is to reply to my classmate weekly post.

Please read this post and reply. Give your opinions of what you think concerning the (topic) content of this post; include at least 2 references in APA style as appropriate.

•     Replies to classmates should be at least 250 words.

•     Include properly cited references as appropriate.

According to CNBC The Federal Reserve holds the key to the United States economy and is a part of the federal government. The Federal Reserve is the United States government bank based out of Washington, D.C. and regulates the financial institutions of the nation. It consists of 12 Federal Reserve Banks and branches. The Fed studies the trends of the economy and makes decisions on how the economy should run better. The Fed does not need approval from any other branch because it runs itself. Fed members are nominated and are approved by the Senate.

The job of the Fed is to make sure the U.S. economy is well balanced, with a healthy economy and banking system. It makes decisions on keeping prices stable interest rates at a level that in turn will help the economy and keep employment levels as stable as they can.

To raise or not to raise the minimum wage is a debate that is ongoing across the country. The arguments against raising the minimum wage are if you raise it to let's say $15 why not raise it higher, minimum wage is for teenagers, but we know that there are many adults with families working at the minimum wage. Only part-time workers get paid at minimum wage, the wage is high enough so there is no need to raise it and raising the minimum wage will kill jobs. Arguments for raising the minimum wage are it does not lower the number of available jobs, the economy will not go bad and no jobs will be lost. Small business workers will not be ale to pay their workers is a myth. The minimum wage was last raised in 2009 and items have increased in price and the minimum wage has not. In creasing the wages of employees does not compare to what the rich and corporations receive. Raising the minimum wage will allow people to use public assistance less and workers will be more productive.

The effectiveness of raising the minimum wage would help low-wage workers to receive higher pay, increase their family's income and most likely have an income above poverty level. A Purdue University study completed in July 2015 suggests that paying fast-food workers $15 an hour could lead to a 4.3 percent increase in prices.

minimum wage increases puts more money in workers pockets and they will most likely spend more which leads to increase sales and increase the efficiency of continued worker turnover and would increase productivity. Benefits wold be better if they are implemented across the state instead of just franchises, the large firms who wold be able to absorb the increases and avoid layoffs. In this economy where corporations have high profits there does not need to be a choice between economic justice and common sense.

The equity theory in raising the minimum wage comes with how much time, experience and skills a person has and how much is given to them in the form of salary, benefits and job security. Politically this topic has mixed views, there are some politicians who believe that raising minimum wage will benefit the working people and others who do not advocate for it because it is not needed. Raising the minimum wage should happen, but each state should raise their wage based on the states cost of living and this would allow its citizens to live a little better.

References:

The Federal Reserve. (n.d.). Retrieved August 5, 2015, from http://www.cnbc.com/

Worstall, T. (2015, March 15). We Are Seeing The Effects Of Seattle's $15 An Hour Minimum Wage. Retrieved August 6, 2015, from http://www.forbes.com/

Minimum Wage

 The federal government through the Department of Labor established a law that imposed a minimum wage since 1938. The law mandates employers not to pay their workers below the standard minimum wage rate. Many state governments established their own minimum wage laws; some pegged it at the same level with the federal rate, (Texas, Kansas, Virginia, Utah, etc.) majority at higher level (Montana, Maine, New York, Arizona, California, Oregon, etc.) and a few either at lower level or no minimum wage law.

The law dates back to the Fair Labor Standards Act (FLSA) signed by President Franklin Roosevelt on June 25, 1938 which at that time was 25 cents per hour for all employees that produced goods shipped in interstate commerce. As at that original time, the law covered probably 38 percent of the labor force predominantly those at manufacturing, mining, and transportation industries.

The additional coverage of the law grew with time as the Congress made some changes by including air transport industry in 1947, and retail trade in 1961. Later, the construction industry, public schools, farms, laundries, and nursing homes were included in 1966. Finally, the state and local government employees were added in 1974 and that significantly raised the percent of the labor force covered to approximately 85. In his elaboration, Wilson (2012) stated that: “since 1938 the federal minimum was has been raised 22 times. From 1949 to 1968 the real value of the minimum wage (in 2011) rose rapidly from $3.78 to $10.34. At $7.25 per hour, the minimum wage today in real dollars is 85 percent greater than the original benchmark, and just below its average for the past 60 years of $7.59.” (Wilson, 2012, p.2) links [www.cato.org/publications/policy-analysis/negative-effects-minimum-wage-laws](http://www.cato.org/publications/policy-analysis/negative-effects-minimum-wage-laws) ; & [www.dol.gov/whd/minwage/america.htm](http://www.dol.gov/whd/minwage/america.htm)

The Congress established this minimum wage law as a way to help minorities and low-skilled workers and advocates believe that it will help boost the economy and better the lives of many more workers. It was supported mostly by Democrats and Liberals why Republicans always oppose it. It has some political dimension as Politi (2014) sees it: “Democrats are encouraging this wave across the country in the hope that it will brandish their credentials as protecting lower and middle class American who are struggling to get by.” (Politi, 2014) From this point of view it is political, socially and culturally feasible as labor unions, activists, workers and other interest group fight for wage increase.

In our primary source book, Kraft and Furlong make the case that United States had always had an “unequal distribution of income and wealth, which is not unusual for a capitalist nation. But questions continue to arise regarding the degree of this inequity and its larger economic implications.” (Kraft & Furlong, 2015, p.245) It is based on this that President Obama like some of his predecessors called for a significant increase minimum wage to $10.10 per hour as one way to ensure what some calls a “living wage.” (ibid) The economic principle of equity and ethics is being invoked here as well.

People like Lee (2014) remarked that: “most supporters of the minimum wage see it as a moral issue. Even when they follow arguments based on the logic of supply –and-demand analysis and unintended consequences (although most don’t bother), they remain convinced that having a minimum wage and increasing it occasionally is he moral thing to do.” (Lee, 2014) However, there are strong arguments against this that others like Quinton (2015) propose: “economic theories of supply and demand hold that when the minimum wage goes up, demand for labor should go down-while some people receive higher pay, others get laid off, Most studies conclude that the least-skilled workers lose their jobs when the wage floor rises according to a 2006 analysis from University of California, Irvine, economist David Neumark and federal Reserve economist William Wascher.” (Quinton, 2015)

 Clearly, the Federal Reserve System would always oppose increase in minimum wage as a way of regulating or controlling inflation. Thus, Kraft and Furlong (2015) opined that: “the Fed traditionally is concerned with inflation in the economy and it often implements monetary policy to control it. In general, most policy makers (and citizens) see economic expansion in United States as positive, but the Fed looks at the potential of higher prices and possible negative consequences.” (op.cit. p.224) The minimum wage implies that more money will be in circulation and more demands and thereby increasing prices of things which lead to inflation.

References:

Kraft, M. E., & Furlong, S. R. (2015) Public Policy, Politics, Analysis, and Alternative (5th edition) Washington DC: Sage Publications, Inc

Lee, D. R. (2014) The two moralities of the minimum wage. The Independent Review, 19(1), 37-46. Retrieved from<http://search.proquest.com/docview/1541534416?accountid=8289>

Politi, J. (2014) Minimum wage rises across 13 US states FTC.Com, Retrieved from <http://search.proquest.com/docview/1493057253?accountid=8289>

Wilson, Mark, “The Negative Effects of Minimum Wage Laws” Cato Institute, June 21. 2012

[www.dol.gov/whd/minwage/america.htm](http://www.dol.gov/whd/minwage/america.htm) Retrieved on 8/3/2015