



The sky remains aloft:

*A brief history of mistaken predictions
that higher wages would destroy jobs & the economy*

In the 101 years since Washington State first passed a minimum wage in 1913, the real-world data has become increasingly clear: raising wages lifts workers out of poverty, creates new customers, boosts the economy, has very moderate price impacts, and does not reduce job growth. But despite the abundance of experiential evidence, some business lobbyists continue to tell the same scare stories they've been telling for the last century — even though the sky has yet to fall.

Compiled by Working Washington, April 2014

1903

A 9-hour day for children will hurt department stores?

The child labor measure is being vigorously attacked by the department stores to the State. Representatives of these stores are using all of their influence...to secure the defeat of this bill, on account of a provision which it contains limited the work of children from fourteen to sixteen years of age to nine hours a day.

— Department store owners, opposing child labor protections.

*Child Labor Bill Signed. One More Remains to be Passed —
Department Stores Said to be Fighting It, NY Times, April 16, 1903*

1913

Minimum wages “foolishly” interfere with supply & demand?

[They] wondered when an end would come to the “fetish” or “fantastic and grotesque legislation.” Minimum wage laws were “fantastic” because they foolishly tried to reverse the fact that since the world began, wages were fixed not by men but by the laws of supply and demand...And this legislation...could not possibly prevent weak women from becoming immoral.

—National Association of Manufacturers, opposing the 1913 minimum wage law for women & children in Washington State

*Quoted in Joseph Tripp, “Toward an Efficient and Moral Society:
Washington State Minimum Wage Law, 1913-1925*

1923

Establishing a minimum wage will cause social disorder?

No greater calamity could befall the wage earners of the country than to have the legislative power to fix wages upheld... It will logically, if persisted in, end in social disorder and revolution.

—Opinion by District Court Justice Van Orsdel that declared a Washington D.C. minimum wage law invalid.
Quoted in: Alice Kessler-Harris, A Women’s Wage: Historical Meanings and Social Consequences, (Lexington: University Press of Kentucky: 1991), 50.

1935

\$14.40 weekly pay is too burdensome for restaurants?

*The State Hotel and Restaurant Wage Board submitted a report yesterday... recommending minimum weekly wages from \$6.64 to \$14.40 for the 60,000 women and minors employed in hotels and restaurants in New York State. The three employer representatives on the board of nine dissented. They argued that **adoption of the recommendations would put too great a burden on the industry.***

— Members of the National Restaurant Association, opposing a weekly minimum wage of \$250 in 2014 dollars.
Quoted in "Minimum Pay Rate for Cafes Drafted; Hotel and Restaurants Scale for Women and Minors is Offered by State Board; Opposed by Employers; Dissenting group fears burden on Industry — Hearing to be held by Andrews."
NY Times, Jul 3, 1935

1937

Labor standards area step towards communism & fascism?

*The Fair Labor Standards Act "constitutes a step in the direction of **communism, bolshevism, fascism, and Nazism.**"*

— National Association of Manufacturers, in opposition to the FLSA, which established a 25¢ minimum and barred child labor

1938

A 25¢ minimum wage will eliminate all jobs in the South?

*Some Southern employers told the Department of Labor that they could not live with a 25 cent-an-hour minimum wage. **They would have to fire all their people, they said.***

— Congressional debate on the Fair Labor Standards Act

1945

A 75¢ wage will drive living standards to “record lows”?

*The proposed jump from an hourly minimum of 40 to 65 cents at once and 70 to 75 cents in the following years is **a reckless jolt to the economic system**. Living standards, instead of being improved, would fall — probably to record lows.*

— Reuben S. Haslam, National Association of Manufacturers, Congressional Hearing, Oct 22, 1945

1945

Our state “can not afford” to set the highest minimum wage?

*Alfred J Scheweppe, Seattle, attorney for pulp and paper industries, declared that that 75-cent minimum would set up economic differentials diminishing the number of jobs available... Scheweppe contended that the committee should bear in mind that it **should fix minimum wages on a “subsistence level, not on what women would like to have.”** Scheweppe declared that this state can not afford to move out in front of the nation with minimum wages.*

— Spokane Daily Chronicle, Nov 6, 1945

1945

Without a sub-minimum wage, youth will lose opportunities?

*Mrs. Morris D. Kennedy, Seattle...declared that a sliding scale of minimum wages for minors should be established. She said that the present 25-cent level is too low, but that **if 75 cents were fixed it would deprive many minors of the opportunity to work part time.***

— Spokane Daily Chronicle, Nov 6, 1945

1949

Any minimum wage causes “immediate unemployment”?

*Any temporary advantage to our 2 million employees would be more than offset by immediate unemployment within our industry. [A] national minimum wage within our industry is **impractical and dangerous.***

—George R. LeSavage, National Restaurant Association, 1949

1952

A 95¢ minimum for waiters will ruin the restaurant trade?

*Mr. Schmidt [of the State Restaurant Association] contended that the board...should **consider the financial condition of the restaurant industry** as a whole. Too great an increase in wages could ruin a large segment of the trade.*

—Restaurant Board hears wage plea; Union recommends minimum scale for waiters should be raised to 95 cents,
NY Times, Jun 27, 1952

Note: this is \$8.42 in inflation-adjusted 2014 dollars.

1961

A \$1.25 minimum wage will destroy the value of hotels?

*There is not enough mechanization or automation yet developed to save my business from the minimum wage horror. **If minimum wage legislation is passed by Congress, you will be able to buy hotels cheap.***

—Ernest Kuhn, Hotel Manager

1975

A \$3.00 minimum wage will cost 3.1 million jobs?

*[I]f the minimum wage were increased to anywhere between the low of \$2.50 and the high of \$3.00, **between 2 and 3.1 million jobs would be lost.***

—U.S. Chamber of Commerce

Note: minimum wage increased from \$2.00 - \$3.35 from 1975 - 1981.

1979

A \$2.90 minimum wage led to layoffs & automation?

Following the minimum wage increase to \$2.90 per hour, the National Restaurant Association found that 78% of its member businesses reduced worker hours, 63% laid off workers and more than 50% substitute mechanical devices for labor.

—Reader's Digest, October 1979

Note: restaurant employment increased 46% over the next ten years, substantially more than the 32% increase in overall employment.

1988

\$3.85/hour for tipped workers will lower employment?

*Tips are considered wages by state and federal law, but this initiative ignores that fact and, as a consequence, **employers of tipped workers will be unfairly penalized millions of dollars resulting in higher menu prices and loss of employment opportunities for unskilled job applications.***

— Restaurant Association of Washington, Association of Washington Businesses, National Federation of Independent Businesses, Washington State Voter Pamphlet, [Statement against](#).

1988

Prices will increase 8% - 15% without a tip penalty?

*[Washington Restaurant Association General Manager Jack] Gordon said restaurants want to count 50 cents per hour from tips toward the minimum wage.... Gordon said restaurants need the relief to ease the effects of higher minimum wage for restaurant workers. **He said restaurants will have to raise prices 8 to 15 percent or cut service to operate under the new law.***

—[Spokane Daily Chronicle](#) reporting predictions of how increasing minimum wage 85% for tipped workers would affect prices.

1991

Any wage above \$4.25 will drive Hardee's out of business?

I don't know what kind of dream world they're in. When [the cost of] your labor component goes up, it ultimately gets passed on to the consumer. [If another wage increase were enacted], we'd probably be out of business at some point.

—John Merritt, Senior Vice President, Hardee's

1993

A \$5.05 minimum wage is socialism?

*The **creeping socialism** begins at the \$5.05 level.*

— Eric Mund, Burger King franchise owner

1995

Raising the minimum wage to \$5.15 will kill jobs?

*[Clinton's minimum wage hike is] **a regressive and job-killing scheme** which will put a big dent in small-business hiring.*

— National Federation of Independent Businesses

Note: Federal data shows that two million new jobs were created by small businesses from 1995 - 2000.

1998

A \$6.50 minimum wage will eliminate precisely 7,431 jobs?

*If Washington voters pass a citizen's initiative to raise the state minimum wage, thousands of fellow workers will get a little something extra in their pay envelopes this winter, maybe a pink slip... Instead of lifting minimum wage workers out of poverty, **a pay hike will actually force employers to fire 7431 low skill workers.***

— Spokane Spokesman-Review,
citing study by Washington Policy Center
Note: Economic growth in Washington State
has outpaced most other states since 1998.

2003

A citywide minimum wage will cause bankruptcies & layoffs?

*In 2003, San Francisco voters also adopted a citywide minimum-wage law. The Golden Gate Restaurant Association called it a job killer that would “**bankrupt many restaurants.**” The Association of Realtors said that **many hospitality industry workers were “likely to receive pink slips and join the ranks of the unemployed.”***

—Business interests predicting calamity in San Francisco

Note: A 2007 study showed that after San Francisco raised the wage, restaurant growth was higher in the city than in neighboring cities, unemployment was below the statewide average, and job growth in bars and restaurants was leading the region.

2004

Raising the wage above \$5.15 is a “job killer” at Domino’s?

From our perspective, raising the minimum wage is a job killer...If the minimum wage were increased, there would be price inflation for consumers or we would likely employ fewer people.

—Domino’s Pizza CEO David Brandon.

Note: according to their 10-K filings, Domino’s & their franchisees currently employ 220,000 people, an increase of more than 70,000 (almost 30%) since 2004.

2008

An \$8.55 minimum wage will be “crippling” to restaurants?

The Washington Restaurant Association (WRA) said [the minimum wage hike to \$8.55 an hour] will be ‘crippling’ to the industry.

—Puget Sound Business Journal.

Note: Restaurant employment in Washington has increased 3.2% since 2008, while overall employment has been flat.

2011

Paying \$9.04 an hour will “make tough times tougher”?

This minimum wage hike is going to make tough times tougher for a lot of restaurants. The margins can't get much tighter, and this is a major increase to cost. Operators are going to be facing a really difficult decision in terms of how they deal with this year's wage hike.

—Anthony Anton, president and CEO of the Washington Restaurant Association.

Note: Restaurant employment in Washington increased 4.7% from 2012-2013

2011

Sick leave means “some people will go out of business”?

*The hardest thing in the world is to run a small restaurant. As far as the whole labor thing goes, we'll have to see how it plays out. But ultimately, I hate to say it, **I think some people will go out of business.***

—Ethan Stowell on sick leave.

Note: Restaurant employment in King County has increased by 3,200 jobs since sick leave was implemented.

2011

Sick leave will cost Seattle \$90 million a year?

Mandatory paid sick days could cost Seattle businesses and consumers between \$30 million and \$90 million a year....Mandatory paid sick leave is likely to impact small businesses, restaurants and the hospitality industry the hardest.

— Washington Policy Center briefing on economic impact of Seattle paid sick leave ordinance

Note: A year later, Tom Douglas, who opposed the paid sick leave law, estimated it was only costing about one-third of what his company initially projected for the 650 eligible employees at his restaurants.

2012

At \$9.19 an hour, 66% of restaurants will cut jobs?

*In a recent WRA survey of 480 Washington-based restaurants, **66 percent** said they planned on eliminating jobs or halting hiring in 2012 as a result of the state's new minimum wage.*

—QSR Magazine.

Note: 8,000 new restaurant jobs were created, that year according to the Washington Restaurant Association

2013

“It really hurts” that \$15 will force layoffs at Cedarbrook?

*I am shaking here tonight because **I am going to be forced to lay people off** for something that is not their fault, something they have no control over,” he said. “I’m going to take away their livelihood. That hurts. It really, really hurts.*

—Scott Ostrander, manager of the Cedarbrook Lodge in SeaTac testifying in opposition to a \$15/hour wage.

Note: After \$15 for hotels was implemented, he told KIRO TV that they are expanding “not in spite of Proposition 1 but actually as a recovery method to Proposition 1 to try to recoup significant expenses that will be incurred as a result of Proposition 1.”

2013

\$15 + “razor-thin margins” will mean lost jobs at MasterPark?

*Roger McCracken, managing partner of MasterPark, which gave \$31,890 to fight Proposition 1, has said **the company may have to automate some jobs** if the measure passes. “We’re on a razor-thin margin as it is,” he told Bloomberg News.*

—Roger McCracken, manager of Master Park.

Note: After \$15 for parking lots was implemented, “he called layoffs “foolish” and rejected the notion that cashiers soon would be replaced by automation”