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# Raising Minimum Wage Would Cost Jobs, Say Economists in WSJ Survey

Most economists in survey say even small boost to federal minimum wage would cause some job loss, and are split over whether rise would help low-income households

By Harriet Torry April 13, 2019

WASHINGTON—Economists surveyed by The Wall Street Journal expect that raising the federal minimum wage, even by a relatively small amount, would lead to job losses.

About a third of business and financial economists surveyed in the past week as part of The Wall Street Journal's monthly poll said an hourly minimum wage above the current level of $7.25 an hour but below $10 would cause job losses. Some 26% said employers would start to cut payrolls in the $10.01 to $13.00 range.

Still, the average appropriate level of the minimum wage among the economists who favor one was $10.83 an hour, significantly higher than the level today. Just under a third of survey respondents said there shouldn't be a minimum wage at all.

The federal minimum wage, $7.25 an hour, hasn't increased since 2009. Earlier this year, Democrats in Congress introduced bills in the House and Senate that would gradually raise the federal minimum wage until it reaches $15 an hour in 2024, and then adjust the level based on wage growth nationally.
Twelve percent of economists in the survey expected jobs would be lost in the $13.01 to $15.00 range, while 28% said jobs would only be lost once the minimum wage rises to a level above $15 an hour.

Just under half of respondents in the latest monthly survey said raising the minimum wage would help lower-income households by putting more disposable income in their pockets.

“If we are to have a vibrant economy, consumers need to make a living wage,” said **Bernard Baumohl, chief economist at the Economic Outlook Group**, who advocates a wage above $15 an hour, indexed to inflation.

Just over half of respondents, 53%, said a higher minimum wage would hurt lower-income households by reducing employment.

“Regional conditions matter enormously; a move to $15 would have to be gradual,” said Lou Crandall, chief economist at Wrightson ICAP LLC, who also said the appropriate level of the minimum wage is above $15 an hour.

Six states—California, New York, Massachusetts, New Jersey, Illinois and Maryland—have already set into motion increases that will bring their minimum wage to $15 an hour in the coming years. There are 29 states with a minimum wage above the federal level.

Economist Amy Crews Cutts, an independent consultant, said in the survey that the federal minimum wage should be $12 an hour. She added that the impact on payroll costs of raising the minimum wage would be disproportionately felt by Southern states.

A $15 federal minimum wage “would be insignificant in Seattle, but in Alabama it could cause some displacements,” she said.

Several economists who said there shouldn’t be a national minimum wage said they supported minimum wages by region.

Meanwhile, economists weighed in on their expectations for U.S. trade in 2019 in the April survey.

The U.S. trade deficit in goods hit a record in 2018, as imports jumped and some exports, including soybeans and other farm products, got hammered by retaliation against U.S. trade policies.

The majority of economists, nearly 77%, said they expect the trade deficit in goods to widen this year. Some 13% expect it to stay the same, and 10% expect it to narrow.

“Solid U.S. growth will drive imports; slower global growth will weigh on exports,” said Gus Faucher, chief economist at PNC Financial Services Group.

Economists’ average forecast for growth in the first quarter of this year ticked slightly higher in the April survey compared with March, to a 1.5% annual rate. Their forecast for second-quarter growth moderated slightly to a 2.5% rate.

From the fourth quarter of 2018 to the fourth quarter of 2019, economists on average expect the economy to grow at a 2.1% rate, unchanged from the March survey. That pace would mark a slowdown from the 3% pace clocked in the prior year.

On average, economists surveyed in the past week as part of the monthly poll said there was a 26% chance of a recession in the next year, up from the prior month’s survey and the highest level since October 2011. The probability was just 15% a year ago.

Nearly half of respondents expected the next recession to start in 2020, while 40% predicted the next downturn will start in 2021.

But the number of economists who say the economy could surprise them for the better nearly doubled to more than 22% in April from the prior month.

The Journal’s survey of 63 academic, business and financial economists was conducted April 5-9, though not every economist answered every question.

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