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It's All About How You Raise Minimum Wage

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Marketplace

Just because lawmakers raise the minimum wage, doesn't mean it won't come back for debate a few years down the road.

The reason is that the minimum wage is not automatically adjusted for inflation. Every year it becomes less valuable.

The proposed \$2.10 increase is just catching up with the effects of 10 years of inflation since the last wage hike.

So here's an idea: How about we index the minimum wage for inflation. It's the same thing that we do for wages of federal employees and Social Security benefits.

It would be good not only for those earning near the minimum wage, but also for those who employ them.

It's obvious why it's good for workers, but employers too?

Well, increasing the wage every year by a little bit—inflation runs at about 3 percent per year—is much less disruptive than raising it by 40 percent once a decade.

With an automatic annual increase, employers could plan ahead and predict how much their workforce will cost them.

So why aren't politicians even talking about indexing the minimum wage?

Many Republicans are worried about the effect of a higher wage floor on small businesses. But it would be in their interest to index it once and for all and make it go away as a political issue. They lose every time it comes up.

Why don't Democrats push for indexation? Good question. A cynic would say that they want it to come back as a political issue because it helps them.

Madame Speaker, please, quell my cynicism. You wouldn't want folks thinking you'd use poor workers as pawns, now would you?

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