# Discussion on Minimum Wage

Wage refers to the financial compensation made to workers by an employer for the exchange of their labor and time. It is offered in the form of a salary for the work completed by an employee or services rendered. The amount of wage given is set by supply and demand forces present in a competitive market. Employers are, therefore, wage takers while workers have the choice of accepting or declining the minimum wage offered for completion of a specified work or service rendered (Waltman, 2014). Minimum wage is conceptualized as the least pay an employer can offer to a worker for one-hour work/service. The objective of the essay, therefore, is to discuss why the minimum wage should be increased.

Raising the minimum wage is ethically and morally justifiable. Increased minimum wage will allow more citizens to participate in the economy of a country. The present economic structure demand purchasing power for one to take part in the economic activities. One way of ensuring many citizens have the purchasing power is by raising the minimum wage. Besides, the inability to afford necessities such as clothing, food, shelter, education and medical care as well as failure to contribute to economic activities amount to ultimate injustice. It is therefore moral for any employee to receive sufficient wage for him/self and the family. Handsome remuneration is also an element that appreciates human dignity (Reich & Bernhardt, 2014).

Increasing the minimum wage has numerous benefits to the economy. Raising the minimum wage will see many individuals have a higher income leading to more spending. More spending encourages cash flow which is a good thing for economic growth and poverty reduction. Besides, the increased minimum wage will contribute to increase in productivity of workers since they are motivated. Workers who are well remunerated feel morally obliged to perform to their best. Raising minimum wage has a social benefit to a country since citizens will be encouraged to earn their living legally thus reducing crime rate (Lee, 2014).

Conversely, increased minimum wage hurt the economy when there lacks equilibrium between demand and supply of labor. It happens when employers want to cut their wage bill budget due to the increased minimum wage. Therefore, many companies and industries reduce the wage bill by retrenching workers which leads to unemployment. Similarly, increased minimum wage causes price inflation of commodities. Inflation of prices happens because of the excess money supply due to increased spending thus requiring citizens to have more money to purchase the same amount of commodities (McEachern, 2017).

In conclusion, despite the challenges present by increased minimum wage, it is a noble idea. The conclusion is inspired by the fact that raised minimum wage allow more individuals to have money in their pockets, this stimulates the economy due to increased spending which encourages economic revival. Furthermore, increased minimum wage allow many low-class workers to acquire financial stability, hence the ability to purchase goods and services and as a consequence jobs are created. However, it is indisputable that proper balancing of demand and supply of labor is essential in achieving economic stimulation and justice.

## References

Lee, D. R. (2014). The two moralities of the minimum wage. *The Independent Review*, *19*(1), 37-

46.

McEachern, W. A. (2017). *Economics: A contemporary introduction*. Cengage Learning.

Reich, M., Jacobs, K., & Bernhardt, A. (2014). Local minimum wage laws: Impacts on workers,

families and businesses.

Waltman, J. (2014). Establishing a Floor under Wages: The Search for an Appropriate Minimum

Wage Policy. *Insights on L. & Soc'y*, *15*, 20.