

Spotlight on the Economy: Minimum Wage Increase - Good or Bad for the Economy?

Posted by [petehurrey](#) On 07/30/2009

On Friday, July 24, the federal minimum wage rose, once again, to \$7.25 or by 70 cents, bringing a full time, minimum wage earner to \$14,500 per year. At that level, a single wage earner is now about \$4000 above the 2009 poverty level set by the feds earlier this year.

However, there are many that feel that the wage hike will further stress small businesses that may be forced to lay off some of the affected workers. Many business owners think that layoffs they are forced to do in order to stay in business defeats the entire purpose of the increase and could contribute to the upwardly spiraling unemployment across the U.S.

Those in favor of the increase in wages argue that the wage hike will help to keep minimum wage earners financially viable in this prolonged down economy where many struggle each and every day to make ends meet. Wage hike proponents also make the case that an increase in wages will help stimulate the economy with higher spending levels.

The debate about Minimum wage rates is not new. However, because of the urgent nature of the current economic climate, the debate has become more heated between factions. The bottom line as many see it is that when it comes to the final analysis, the matter is between employers and their employees and whether or not the wage hike can be absorbed by the business or will cuts have to be made.

The raise represents the final wage increase mandated by the Minimum Wage Act of 2007. The act increased the minimum wage to \$5.85 per hour on July 24, 2007. Another increase took effect on July 24, 2008 raising the amount to \$6.55 per hour.

Copyright © 2020 thebaynet.com. All rights reserved.