

# The Herald-Sun



## Company leaders indicate shedding employment amid wage raises



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[Alex Dixon](#)

DURHAM — In a survey questioning chief financial officers from around the country, Duke University and CFO Magazine found that increases in minimum wage would result in a shift from human labor to machines and curtail future employment growth.

A little over 1,000 CFOs, from public and private companies of varying sizes, participated in the survey, which found that “substantial negative consequences would kick in as the wage approaches \$10.”

“Raising the minimum wage gives robots a competitive advantage,” said Campbell Harvey, a founding director of the survey and a professor at Duke’s Fuqua School of Business, in a release. “The manufacturing sector is already telling us that spending on labor-saving technologies will allow them to shed 11 percent of their current employees over the next five years ... higher minimum wages will push firms to choose more robots and fewer people.”

However, a recent study from a national think tank, Center on Budget and Policy Priorities, found that increasing the minimum wage would be beneficial for the overall economy.

“Higher minimum wages can boost income, lift workers and their children out of poverty, and set children on a better path in life,” Erica Williams and Chris Mai, of the policy organization, write in the report. “Higher minimum wages also increase working households’ purchasing power, which is good for the economy.”

Williams and Mai also said in the report that enacting and expanding earned income tax credits (EITCs) in North Carolina would also be beneficial by reducing poverty and closing the household income gap.

According to the report, 23 states and the District of Columbia have enacted minimum wages that are higher than the federal wage of \$7.25. North Carolina is not one of them.

And in protests last week pushing for fast-food worker wage increases to \$15, speakers cited Denmark, where the effective (non-official) minimum wage is equivalent to about \$20 per hour.

Duke Fuqua professor and survey director John Graham said that in the U.S., if there wasn’t a minimum wage set, he thinks some companies would pay below \$7.25 for minimum-wage level jobs, such as food service and manufacturing.

Ten percent of American workers earn the minimum wage, Graham said, and these workers would then be stuck with less than minimum wage if there wasn’t one set.

“You might end up getting high school kids filling positions that are now full time,” he said.

Graham also cited EITCs as a way to assist minimum wage full-time workers. But, he said, the government is basically subsidizing companies to pay less under this model.

Graham said education and training are the most important things for displaced and minimum wage workers to use to increase pay.

He said if workers are willing to move and obtain training for job openings, such as going to the Midwest to be a diesel mechanic, they are increasing their value overall to companies and compared to competition like robots. "It's easy for me to say sitting here in my office," he said. "(But) I think it's a better shot than just hoping you're going to get another job in the same area."

According to the survey, 46 percent of CFOs surveyed said their firms would lay off employees if the minimum wage were raised to \$15. And, 40 percent said an increase to \$15 would improve their ability to attract higher quality workers and reduce turnover.

In a June report by the Budget and Tax Center of the North Carolina Justice Center, Allan Freyer and Alexandra Forter Sirota wrote that job growth has been slow in North Carolina since 2009, except in low-paying and minimum wage jobs.

"More than 80 percent of the jobs created since the end of the recession were in industries that pay workers less than the \$33,709 they need to make ends meet every year," they wrote.

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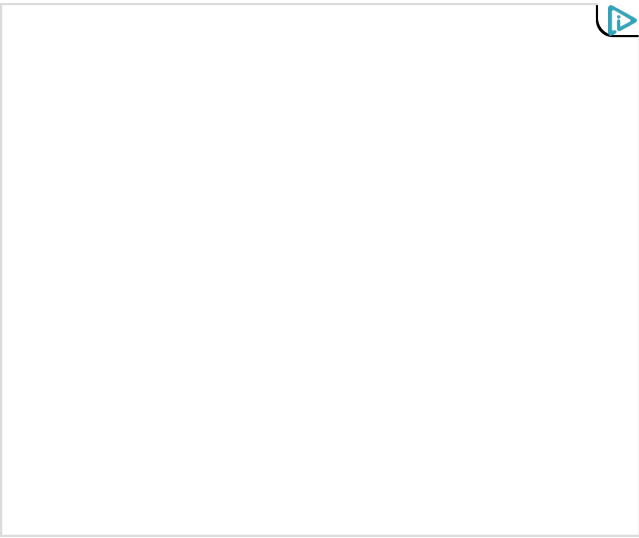
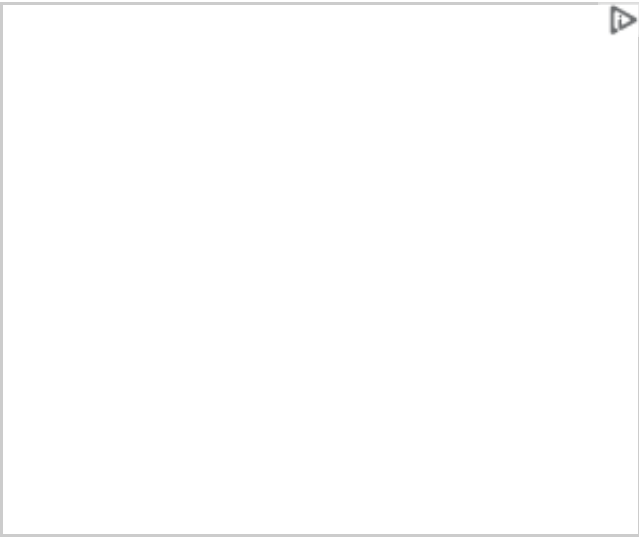


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2828 Pickett Road

Durham, NC. 27705

[919-419-6500](tel:919-419-6500)

