

Duke Prof: \$10/hour Minimum Wage Would Cause Mass Layoffs, Slash Benefits

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Duke University finance professor Campbell Harvey said his recent [survey](#) of U.S. chief financial officers showed that an increase in the federal minimum wage would mean higher unemployment, slashed benefits, and an increase in outsourcing.

"There's plenty of evidence out there that increased minimum wage means higher unemployment," Harvey said.

"You can look at the U.S., look by state—different states have different minimum wage—and it's clear that there's a relationship: higher minimum wage, higher unemployment, the European Union. The same scenario is repeated over and over again."

Harvey's study surveyed 400 U.S. CFOs to gauge the implications of various minimum wage hike scenarios. The numbers for a \$10/hour minimum wage scenario are as follows:

Sixty percent of the firms said they would lay off employees.

Forty percent said they would slash benefits to employees.

Seventy percent said they would increase contracting, outsourcing, or moving actual production outside the United States.

"If you went to 15, the numbers are far worse," Harvey said. "So basically, once you start raising that minimum wage, you'll have to pay the price."

Additionally, Harvey said CFOs are already investing in labor saving technology.

"About 11 percent of the current employees are basically going to be redundantly replaced by robots over the next 11 years," Harvey said. "With minimum wage increasing, that is going to be ramped up, so what we're talking is more than 11."

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