

Homework Problem: Read “Professor Raises Concerns about Increasing Duke Minimum Wage”, which ran in The Chronicle on Wednesday April 27, 2016.

- a) Using a supply and demand graph, illustrate Professor Arcidiacono’s argument for minimum wage reducing job opportunities at Duke.
- b) What must be true regarding the elasticity of the supply and/or demand curve(s) for Danielle Purifoy’s argument that an increased minimum wage will not change quantity of job opportunities to be true?
- c) Illustrate Danielle’s argument for minimum wage using a supply and demand graph.
- d) Do you agree or disagree with Danielle’s argument regarding the amount of work being done on campus not changing regardless of minimum wage? Why or why not? (Credit will be awarded based on thoroughness of reasoning, not stance)

Professor raises concerns about increasing Duke minimum wage

By Rob Palmisano (<http://www.dukechronicle.com/staff/rob-palmisano>) | Wednesday, April 27



(<http://www.dukechronicle.com/multimedia/22997>)

Student protestors' recent demands for a higher Duke minimum wage have sparked campus discussions about whether such a change would benefit workers.

Duke Students and Workers in Solidarity issued revised demands (<http://www.dukechronicle.com/article/2016/04/were-done-with-demands-administrators-respond-to-new-student-demands>) to administrators April 6 calling for a steady increase in the University's minimum wage—from \$12 per hour currently to \$12.53 per hour by the end of the year, \$13 per hour by July 2017, \$14 per hour by July 2018 and \$15 per hour by July 2019. Prior to the protestors presenting these new demands, President Richard Brodhead sent an email to the Duke community announcing that a steering committee would begin exploring the possibility of raising Duke's minimum wage.

The consequences of raising the minimum wage at Duke, however, are uncertain, wrote Peter Arcidiacano, professor of economics, in an email.

"My own view, and that of basic economic models, is that doing so will not be particularly helpful," he wrote.

Arcidiacano explained that raising the minimum wage would discourage job creation and deter the University from hiring more workers under the new pay scale.

Danielle Purifoy, a Ph.D. student in environmental policy and a member of DSWS, said this is a flawed argument because the amount of work that needs to be done on campus will not change, regardless of whether the minimum wage increases.

Arcidiacano added that raising the minimum wage could also mean that workers who need the money the most would be less likely to be able to get a job, which would shift resources away from the most disadvantaged.

"Those who were previously not interested in a position now may be interested when the wage is higher," he wrote. "To underscore this point, I would expect a raise of the minimum wage to result in the Duke workforce becoming whiter."

Purifoy argued that although such a demographic shift is a "very real fear," being vigilant against employment discrimination is a better solution than not providing workers with a living wage.

"If the demographic becomes whiter, it is not because people of color are less qualified, but because there's some form of discrimination happening there," she said.

Purifoy also acknowledged that if wages rose at Duke but not elsewhere, a broader applicant pool might naturally result in a change in the workforce's racial composition.

However, she added that systemically low wages elsewhere should not prevent the demand of higher wages at Duke, and that other steps should be taken to address potential demographic shifts.

"If you're seeing a complete flip in the racial demographics of your staff, you need to be doing some affirmative action," Purifoy said. "No workforce should be 90 percent white."

Michael Schoenfeld, vice president for public affairs and government relations, noted that the new steering committee announced by Brodhead will not be making any quick decisions regarding a wage hike.

"[Duke's minimum wage] is something that is reviewed, analyzed and ultimately acted on in a very deliberative way, and it has significant cost implications for the University, ultimately leading to tuition and other fees," he said. "It is not something to be done precipitously or emotionally." ◉

The debates about raising the minimum wage, however, make it even more imperative that workers have a seat at the negotiating table, Purifoy said. Duke Students and Workers in Solidarity previously stated (<http://www.dukechronicle.com/article/2016/04/nine-students-initiate-allen-building-sit-in-plan-to-occupy-building-until-demands-are-met>) during the Allen Building sit-in that they would not negotiate with administrators until workers were included in discussions.

"The concerns raised are, for me, some of the greatest reasons for having workers and advocates for workers at the table," she said. "It requires all of our input."

Neelesh Moorthy and Amrith Ramkumar contributed reporting. ◉