

New York City Experienced Worst Decline in Restaurant Jobs since 9/11 After \$15 Minimum Wage Win

The Big Apple's fast-food industry, *The New York Times* recently [reported](#), has long served as a laboratory for progressive politicians and the nation's labor machine.

But new economic research suggests their latest experiment is not going as planned.

Data show that following the labor movement's "[Fight for \\$15](#)" [victory](#), which imposed steep annual increases in mandatory wages for workers, New York City experienced its sharpest decline in restaurant jobs in nearly 20 years.



Tight Profit Margins

Restaurants tend to operate on famously low profit margins, [typically](#) 2 to 6 percent. So a 40 percent mandatory wage increase over a two-year period is not trivial.

In response to the minimum wage hikes, New York City restaurants did what businesses tend to do when labor costs rise: [they increased prices and reduced labor staff and hours](#).

For example, [Lalito's](#), a popular restaurant on Bayard Street, recently raised its menu prices 10-15 percent, *Eater New York* [reports](#).

A New York City Hospitality Alliance survey also [showed](#) that three out of four full-service restaurants said they planned

to reduce employee hours. Nearly half of those surveyed said they planned to eliminate some job positions in 2019.



In response, New York City council members are trying to shield restaurant employees from “unfair” firings. Labor lawyer Michael J. Lotito, whose firm represents the restaurant industry, [told The Times](#) that a “just cause” firing provision for fast food employers “would be a first in the country.”

Regardless of whether or not the firings are “fair,” the data are clear: restaurant workers are losing jobs.

The “Restaurant Recession”

Recently published data from the American Enterprise Institute, a right-leaning Washington, DC, think tank, show that full-service restaurant employment declined for the first time in a decade in 2018. That year also saw the sharpest month-to-month annual decline since the attacks of 9/11.

“December 2018 restaurant jobs were down by almost 3,000 (and by 1.64%) from the previous December,” [wrote](#) economist Mark Perry, “and the 2.5% annual decline in March 2018 was the worst annual decline since the sharp collapse in restaurant jobs following 9/11 in 2001.”



Perry says this “restaurant recession” is likely the result of the series of mandatory wage hikes that brought the city’s minimum wage to \$15 an hour.

New York’s experience is noteworthy since numerous states have passed or are in the process of passing a \$15 pay floor. [Illinois and New Jersey](#) recently passed laws mandating a \$15 minimum wage—they will be phased in over several years, similar to New York’s law—joining California, Massachusetts,

and of course New York. The Maryland House of Delegates [advanced](#) a \$15 pay floor by voice vote Wednesday. The District of Columbia and some cities, including Seattle and Minneapolis, have also passed \$15 minimum wage laws.

Considering the latest results of New York's \$15 minimum wage experiment, lawmakers and activists should consider Mary Shelley's great moral lesson: beware the monsters we create ourselves.

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