MINIMUM WAGES**

1. Economic Impact of Minimum Wages


The purpose of this paper is to determine whether changes in the Fair Labor Standards Act have a differential impact on teenagers and adults. The author concludes that the evidence is inconclusive.


This study compares rates of unemployment in states with and without minimum wages, with different coverage and with different wage levels for 1950-1965. The authors find that the unemployment rate was slightly higher in those states with minimum wages.


The report examines the theoretical arguments for and against minimum wage legislation, the costs and economic consequences, and the administration of such a program.


Discusses the economic implications of minimum wage fixing and examines such questions as criteria, coverage and the periodic adjustment of minimum wages to changes in the cost of living and in general economic conditions. The appendix contains a quantitative analysis of the effects of minimum wage legislation on actual wages in various countries.


**Items from this list should be ordered directly from the publisher. Addresses are given in connection with each reference.*

An investigation of the role of a minimum wage law as a vehicle for the elimination of poverty. The authors concede that minimum wage laws cause some unemployment but find that the aggregate benefits exceed the adverse employment effects. They point out, that among many proposals for the elimination of poverty, the minimum wage does not impair worker incentives.


An examination of the changes in labor intensity within and among low wage industries affected by minimum wages with emphasis on the small, marginal producer.


The author contends that the economic feasibility of minimum wage increases should be measured by the capability of the U.S. economy as a whole to bear the cost rather than by the impact on a particular industry or employer. He urges that coverage be extended and minimums raised.


The authors analyze the distribution of fluctuations in aggregate employment in the U.S. between whites and nonwhites, between males and females, and between teenagers and adults. The impact of minimum wage legislation has fallen more sharply on teenagers; teenage males are more affected than females and nonwhites more than whites.


The author developed a model to test the impact of minimum wages on disadvantaged groups. Nonwhite teenagers are most adversely affected.


The author develops four models to measure the minimum wage effects on individual industries for the U.S. as a whole and within industry by
state. The social effects are measured by classifying the impact of minimum wage changes on income inequality as measured by the Gini coefficient.


The author re-examines the data from three leading studies and argues that even modest wage increases have adverse employment effects. Richard A. Lester, writing in the January 1960 issue (pp. 235-264) of *Industrial and Labor Relations Review*, criticizes Peterson's reappraisal of the studies and the conclusions he draws. A reply by Peterson appears on pp. 264-273.


Reviews and reassesses the existing government and academic research on the employment effects of Federal minimum wage laws. The authors compare wage trends between and within low-wage industries and examine wage rates in low-wage and high-wage industries before and after the imposition of minimum wages. They conclude that wage minimums have had an adverse employment effect. They find that unemployment among low wage earners, especially nonwhites and teenagers, is related to statutory minimum wages.


This analysis concludes that while the effect of minimum wage legislation on the economy as a whole may have been small, there is strong evidence that smaller employment growth resulted in some sectors.


A study of the various aspects of the relationship between minimum wages and the problem of youth unemployment which explores the experience under state and Federal minimum wage laws. Also considered are hiring standards and employer attitudes, the expectations of youth, the use of differential minimum wages, and the experience of Western European countries and Japan with youth wage schemes. The study concludes that time series analysis does not permit an adequate separation of the various factors affecting teenage employment problems. The sum-
mary and conclusions of the report are reprinted in the Monthly Labor Review for March, 1970, pp. 3-12.


Two papers by Thomas Gasett and Daniel Kruger find no adequate evidence that the minimum wage has had a significant effect on teenage unemployment. In the third paper, Douglas Adie and Gene L. Chaplin argue that increases in the Federal minimum wage do cause unemployment among young workers.

2. Current Proposals for Change


Extensive hearings were held in both Houses of Congress on proposals to increase the minimum wage rate and to extend the coverage of the Fair Labor Standards Act. A variety of labor leaders, representatives of industry, government officials and academicians testified. On May 11, the House voted to raise the Federal minimum wage—in two steps—to $1.80 sixty days after the legislation is enacted and to $2.00 a year later. Workers under 18 and full-time students under 21 would be guaranteed 80 percent of the adult minimum or $1.60 whichever is higher. No additional employees would be brought under the Act by the House bill. The Senate bill, which differs considerably, is still in Committee.


The most recent report on the effects of the 1966 amendments which finds no obvious adverse effects on nonagricultural industry. The effects on agriculture were too difficult to appraise in the light of the many factors contributing to the long-term decline in farm jobs. The report outlines the Administration's proposals to amend the Fair Labor Standards Act and emphasizes that minimum wages are only one aspect of a social program designed to assure an adequate standard of living.