

Economists Support Raising the Minimum Wage

Forty Pennsylvania economists have voiced support for an increase in the minimum wage. Their statement follows. For the list of signers, go to www.paminimumwage.com.

"The minimum wage has been an important part of Pennsylvania's economy for more than six decades. It is based on the principle of valuing work by establishing an hourly wage floor beneath which employers cannot pay their workers. In so doing, the minimum wage helps to equalize the imbalance in bargaining power that low-wage workers face in the labor market. The minimum wage is also an important tool in fighting poverty.

"Pennsylvania's minimum wage is currently set equal to the federal minimum wage, now \$5.15 per hour. The last increase in the federal minimum wage occurred in 1997. The value of that increase has been fully eroded. The real value of today's PA's minimum wage is less than it has been in 43 out of the last 45 years. Moreover, the PA minimum wage is now only 37% of the state's median hourly wage, its lowest level since at least 1979. This decline is causing hardship for low-wage workers and their families.

"Fifteen states, including Pennsylvania's neighbors New York, New Jersey, and Delaware, have acted to set their minimum wages above the federal level. Additional states, including Maryland and Ohio, are considering similar measures.

"We believe that a modest increase in the state's minimum wage would improve the well-being of low-wage workers and would not have the adverse effects that critics have claimed. In particular, we share the view the Council of Economic Advisers expressed in the 1999 Economic Report of the President that "the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment." While controversy about the precise employment effects of the minimum wage continues, research has shown that most of the beneficiaries are adults, most are female, and the vast majority are members of low-income working families.

"As economists who are concerned about the problems facing low-wage workers, we believe that a phased-in increase in the Pennsylvania minimum wage in the range of \$1.00 to \$2.00 falls within the range of options where the benefits to the labor market, workers, and the overall economy would be positive."