

From the National Employment Law Project & the Center for American Progress

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MINIMUM WAGE HIKE COULD BOOST ECONOMY, RESEARCH SHOWS

New Economic Research Backs Overwhelming Public Support for Minimum Wage Increases to Help Rebuild Economy

WASHINGTON, DC – An increase in the minimum wage could help bolster the sluggish economic recovery, according to two new, groundbreaking studies. [Presented by the authors today](#) on a panel hosted by the National Employment Law Project and the Center for American Progress, the studies consolidate 15 years of research showing that increasing the minimum wage boosts incomes without slowing job creation, even during weak economic periods.

“Raising the minimum wage can help our economy recover while helping the millions of Americans struggling to make ends meet in low-wage jobs. This groundbreaking research shows that boosting wages for our country’s health aides, waitresses and security guards will help families and the economy,” said **Paul Sonn, Legal Co-Director of the National Employment Law Project**.

“Increasing the minimum wage during hard times is good economics and widely popular. With the fits and starts in the economic recovery, now is the time to be looking at what a higher minimum wage can do to help turn things around,” said **David Madland, Director of the American Worker Project at the Center for American Progress Action Fund**.

[Public opinion findings](#) presented today show that raising the minimum wage has significant bipartisan support across the country. According to polling research presented by Lake Research Partners, even in the current economy, voters support raising the minimum wage by a three-to-one margin. Recent polls in states like Illinois and Maryland also show that voters believe raising the minimum wage will help the economy rather than hurt it.

The new economic research provides the most rigorous and sophisticated analysis to date of the effects of increases in the minimum wage on job growth in the United States. In doing so, the studies demonstrate how research frequently relied on by business lobbyists to oppose minimum wage increases – in particular studies by David Neumark – is inaccurate and misleading.

In the first [study](#), published in the *Review of Economics and Statistics* in November 2010, economists Arindrajit Dube of the University of Massachusetts, William Lester of the University of North Carolina, and Michael Reich of the University of California compare employment among every pair of neighboring U.S. counties that straddle

a state border and had differing minimum wage levels at any time between 1990 and 2006. Their analysis of employment and earnings data of over 500 counties finds that minimum wage increases did not cost jobs.

In the second, companion [study](#), Dube and Reich and Sylvia Allegretto of the University of California look specifically at the effect of minimum wage increases during times of high unemployment, including the recessions of 1990-1991, 2001 and the Great Recession of 2007-2009. They find that even in these difficult economic periods, increases in the minimum wage did not cause job loss or slow rehiring. The study was published in *Industrial Relations* in April 2011.

NELP has short summaries of the studies [here](#) and [here](#). The video of today's presentation is [here](#).

The new economic and public opinion research comes with renewed attention to the minimum wage around the country: this year legislators in Illinois, Maryland, California, Maine, and Massachusetts introduced bills to raise their states' wage floors.

At the same time, lawmakers and policymakers in several states have sought to ignore, weaken, or repeal minimum wage laws. Florida [failed to raise](#) its minimum wage this year as required by a voter-approved constitutional amendment, prompting a lawsuit from NELP and worker advocates that resulted in an increase on June 1; in Missouri and Nevada, lobbyists have tried to freeze the minimum wage rate; and in Maine, the governor and legislators have pursued legislation to significantly reduce the minimum wage for workers under 20.

Eighteen states and Washington D.C. have raised their minimum wages higher than the federal level of \$7.25 per hour (or \$15,000 a year for a full-time worker). If the federal minimum wage had kept pace with the rising cost of living over the past 40 years, it would be \$10.34 per hour today. Ten states have enacted measures to annually adjust their minimum wage to keep pace with the rising cost of living.

View the full video of today's presentation here:

<http://www.americanprogress.org/events/2011/06/minimumwage.html>

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