

**ECONOMIC DEVELOPMENT
AND TECHNOLOGY
COMMITTEE**

**AUGUST 27, 2015
CORRESPONDENCE**



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Victor Gordo, Chair and Economic Development and Technology Committee
100 North Garfield Avenue
Pasadena, CA 91109
Via E-mail

Dear Committee Members,

Please consider this public comment from the Pasadena Chamber of Commerce related to this evening's discussion of procedures, public input and research necessary to understand the impact of a minimum wage increase in Pasadena. I expect to attend and speak, but I also understand such opportunities may be limited.

The Pasadena Chamber represents 1400 member businesses in the greater Pasadena area. 80% of those businesses are small and locally owned. Many are restaurants, retailers and others who rely on minimum wage employees. The Chamber also understands the importance of our hospitality and retail businesses to our local economy.

Recently, the Pasadena Chamber Board of Directors, with no objections, voted strongly to oppose imposition of the Los Angeles minimum wage model on Pasadena. After examining independent analyses performed for the Chamber, and a peer review by a retired economics Ph.D., the Chamber Board recognized that negative impacts on employment, especially persons with low skills and little training and young people, our local small businesses, especially retail and restaurants, and the potentially significant negative impacts to our economy. I will be sharing those analyses with you at an appropriate time.

First, for this discussion, the Pasadena Chamber of Commerce would like the City Council to take the time to observe the increases recently enacted and examine the impacts there before considering an increase in our city. Why follow Los Angeles and LA County blindly when we can carefully and objectively observe what happens there first? Let's intelligently and objectively see what effect minimum wage increases in Los Angeles have on employment, wages, poverty, business and the economy in before we do something that could have negative impacts on employment, businesses and our economy.

In moving forward to solicit input on a potential minimum wage increase here, we would urge the City Council to hire an independent analyst to perform an impact study that would look at many potential impacts, including the cost to local small businesses and how they would cope with the increase. We would encourage you to study the overall effect on our local economy. We would encourage you to contract with an economic analyst firm that has not already been engaged by any of the entities that have recently enacted increases, as those analysts were each, in their own way, considered suspect by those either supporting or opposing increases. Also, an analysis should contain potentially mitigating measures the city could enact that would help offset increased costs to our local businesses.

At the Chamber, we are especially concerned about unintended consequences, especially when other local municipalities and similar cities do not enact a higher minimum wage. Any analysis should consider Pasadena's competitiveness and ability to attract and keep businesses vital to our economy.

As you may recall, when the City imposed the Living Wage Ordinance, we (I was on the City Council at the time) exempted several categories of employees, as well as the operating companies. The Living

Wage did not apply to unionized employees (cynical as that looks in hindsight). It also did not apply to youth employees or part-time summer workers, such as Summer Rose participants. The City also offered to renegotiate terms with any contractors who would be impacted by the Living Wage Ordinance, thus holding them harmless.

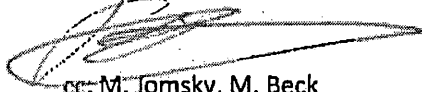
Here are questions the Pasadena Chamber would specifically like addressed as you move forward:

1. Will tipped employees be exempt? Restaurant members are very concerned about the impact and whether or not tipped employees would be exempted from any increases.
2. Will there be exemptions for part-time, youth or training rate employees? Many local retailers who employ minimum wage, part-time employees are worried about the impact, as are home health care providers, who rely on Medicaid and MediCal reimbursements which are not anticipated to increase.
3. Will there be carve outs for those with significant barriers to employment? Many who work with difficult to employ persons, such as released felons, formerly homeless, intellectually disabled and others with barriers to employment fear the increase will further marginalize their clients.
4. Will there be exemptions for youth employment? Very concerning for the Chamber and many of our non-profit members, would be the impact on youth employment opportunities. If the minimum wage increases, without an exemption for training and/or young people in part-time employment, we are concerned that opportunities for young people in our community will be decreased significantly.
5. The Pasadena Chamber is very concerned about the impact a city minimum wage increase may have on our members, especially those locally owned, small businesses that drive much of our economic prosperity. Will there be offsetting savings the City can provide in the way of reduced costs, rebates from sales tax revenues, suspension of utility user taxes that can help mitigate the impacts on your local small business community?
6. We are also aware that fewer than 15% of the people who work in Pasadena actually live here. Would a minimum wage increase in Pasadena actually benefit people living here?
7. Absent similar increases in our neighboring cities (other than L.A.) would Pasadena acting alone incentivize businesses to leave for our less expensive neighbors? Would higher prices here translate to reduced business for our local retailer and restaurants? What would be the resulting reduction in city revenues?

Should you choose to examine a minimum wage increase for Pasadena, we would also suggest the City Council impanel a citizen and business working group to discuss, analyze and make recommendations about any possible minimum wage increase. That panel should be equally balanced, with members representing those supporting an increase and those concerned about impact to employment, business and our Pasadena economy in equal numbers. They should be empowered to make recommendations on economic analysis and take input from citizens and business owners. That panel should have adequate time to consider measures, analyze data and make a considered recommendation.

Thank you for your service to our city and for taking the time to consider input from the Pasadena Chamber of Commerce.

Paul Little



cc: M. Jomsky, M. Beck

The New York Times

Push to Lift Minimum Wage Is Now Serious Business

By PATRICK McGEEHAN

JULY 23, 2015



Fast-food workers and their allies gathered in Lower Manhattan this week as a state wage board met to recommend raising the industry's minimum wage to \$15 an hour. Credit Chang W. Lee/The New York Times

It started in New York City as what seemed a quixotic drive confined to fast-food workers. But the movement to raise the hourly minimum wage took root in other parts of the country, and is emerging as a significant, and divisive, element in the presidential campaign.

Just this week, workers in Los Angeles County and Washington, D.C.; employees of fast-food chains in New York State; and members of the University of California staff all learned that they may soon be earning at least \$15 an hour, more than double the federal minimum wage of \$7.25. Several other cities — including Chicago, Kansas City, Mo., Los Angeles, San Francisco and Seattle — have already raised the lowest legal wages paid to workers in those places.

Now, the minimum wage has carved out a major presence in the presidential election. Republicans and many business owners are dead set against it, but the issue has taken a central spot in the stump speeches and public pronouncements of Democratic candidates, for whom giving the middle class a “fair shot” has become a mantra.

One of those candidates, Senator Bernie Sanders, independent of Vermont, introduced a bill on Wednesday that would raise the federal minimum wage to \$15 an hour. Mr. Sanders, more than any

other contender for the Democratic nomination, has highlighted the subject repeatedly during his campaign, and he did so again at a rally in Washington on Wednesday where he discussed the bill.

Former Gov. Martin O'Malley of Maryland has also voiced support for a \$15 federal minimum wage. Another Democrat in the race, Hillary Rodham Clinton, however, has not. Mrs. Clinton has supported raising the minimum wage, and she told fast-food workers in Detroit last month, "I want to be your champion." But she stopped short of endorsing a \$15 hourly minimum, and she has come under attack from the left wing of her party for not doing so.

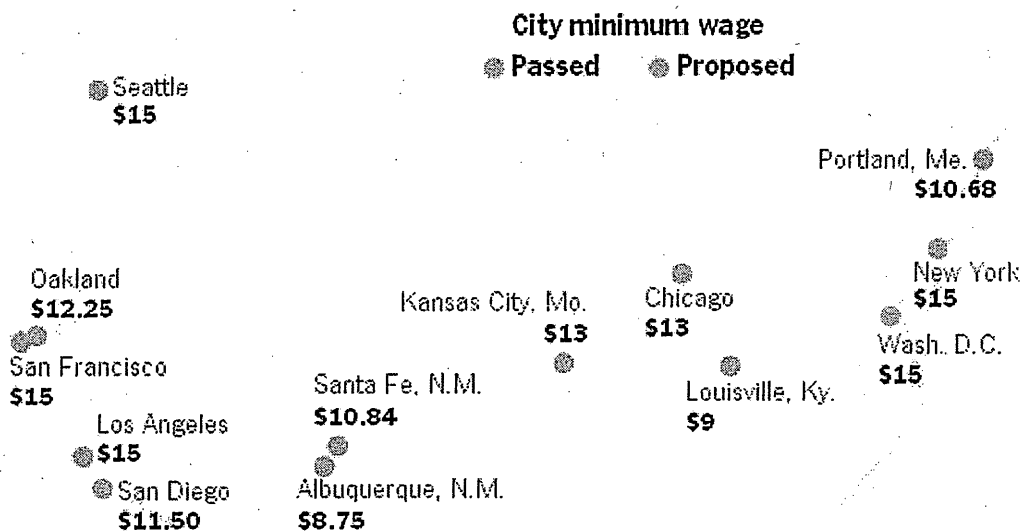
Led by some large labor unions, the movement to make \$15 the floor for hourly wages has revealed how deeply divided Americans are on the issue. It has also raised the prospect of much wider variations in how people are compensated for the same basic work in different parts of the country. And it has infuriated companies large and small, which say it compels hard choices between raising prices and firing workers.

Local Minimum Wages

Many cities have enacted or proposed legislation in recent years to create a local minimum wage that is higher than the federal minimum and their state's minimum, if there is one.

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Note: Most minimum wages take effect in the next few years, some gradually. New York state has proposed to raise the minimum wage for employees of fast-food chain restaurants only. Mayor Bill DeBlasio has proposed a \$15 minimum wage for all industries in New York City.

Source: National Employment Law Project

By The New York Times

Owners of restaurants and other businesses argue that a steep rise in the cost of low-skilled labor would hurt many of the workers a higher minimum wage was supposed to help by forcing cuts in their hours or the elimination of their jobs altogether.

David Sulz, a partner in four Burger King franchises in the New York City suburbs, said he was “scared” by the potential ramifications of the pending minimum-wage increase.

“There’s a limit to how much somebody will pay for a hamburger,” Mr. Sulz said. “I think the end result is that I’m going to wind up cutting employees. I’ll automate as much as I can. I’ll get new technology that’s out there, and that’s going to replace a lot of people.”

Mr. Sulz estimated that the increase in New York could push the labor portion of his costs to 40 percent, from about 30 percent now. He said it was unfair of New York’s governor, Andrew M. Cuomo, a Democrat, to bypass the wishes of the State Legislature and single out his industry.

“I feel like we’re being picked on, like I’m doing something wrong because I happen to run a fast-food restaurant,” Mr. Sulz said. “But what have I done? I run a business and provide jobs and I support my community. I’m at my wit’s end and a little depressed about the whole thing.”



Workers rallied in New York in June to raise hourly wages. Credit Seth Wenig/Associated Press

Ruth Milkman, a labor historian and distinguished professor at the City University of New York Graduate Center in Manhattan, traced the roots of the push to increase the minimum wage to the Occupy Wall Street movement that pulled hordes of protesters into the streets of New York City four years ago. “The reason this is getting traction now is that there’s a lot of concern in the broader population about growing inequality,” she said.

“There’s no possibility of doing this in Congress, so they’ve said, ‘Let’s take this to the blue states,’ ” she added. “It’s no accident that it’s happening in New York and California and Washington State.”

Labor leaders argue that large increases are needed at the bottom of the pay scale to lift workers out of poverty, especially in cities where living costs are high. Kendall Fells, organizing director of the “Fight for 15” campaign the Service Employees International Union’s “Fight for 15” campaign, said it was unclear where the next increase would come, but he cited Atlanta, Las Vegas and Tampa, Fla., as places where progress had been made.

After seeing what came of a modest strike by fast-food employees in New York City two and a half years ago, Mr. Fells said, workers elsewhere “are going to turn around in their cities and start demanding 15.”

Mr. Cuomo is among the Democratic leaders who have linked arms with workers pressing for \$15 an hour. Republican politicians have generally taken the opposite stance. Gov. Scott Walker of Wisconsin, who is running for president, has even called the minimum wage one of the Democrats’ “lame ideas.”



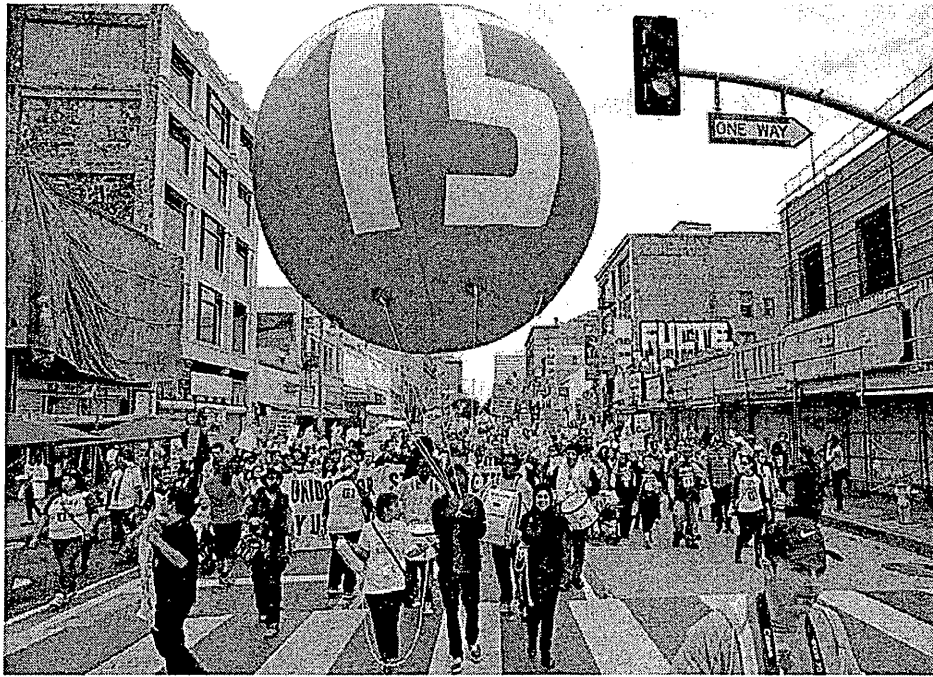
Protesters called for a higher minimum wage at a McDonald's in Chicago this month. Credit Jim Young/Reuters

Mr. Cuomo circumvented Republican opposition in the Legislature by appointing a wage board to determine whether workers in the fast-food industry should earn more than they currently do. On Wednesday, the three-member board recommended raising the minimum wage for those workers to \$15 in steps over the next few years.

Labor organizers have said several other states have provisions allowing for the appointment of similar wage boards. New Jersey, whose governor, Chris Christie, is vying for the Republican presidential nomination, is one.

He hinted that he would press harder in the coming year for an across-the-board increase in the state's minimum wage, which is \$8.75 an hour.

Mr. Cuomo said fast-food restaurants did not have the option of moving, so must find ways to adjust to the higher local wages.



Marchers in Los Angeles in December demanded that health care workers there get the same minimum. Credit Robyn Beck/Agence France-Presse — Getty Images

Chipotle, which owns more than 1,800 stores, has felt the impact of higher wages in cities like San Francisco and Washington. Chris Arnold, a spokesman for the company, said Chipotle had raised prices to offset higher wages in San Francisco, “but that was not the only reason.”

In San Francisco, he said, the sum that rent takes out of revenue is almost twice as large as for the average Chipotle. So when wages in San Francisco increased 14 percent this year from 2014, Chipotle raised prices in its 10 stores there by 10 percent.

But in Washington, where the minimum wage also rose this year, Chipotle did not increase its prices. “Labor is just one of a number of costs of doing business, and all those costs need to be balanced,” Mr. Arnold said. “So the impacts of changes like this can vary.”

In Seattle, where the minimum wage is to rise to \$15 an hour over the next few years, David Jones said he had felt no negative effects so far at the three Subway sandwich shops and six Blazing Onion restaurants he owns in the area. But he said he was concerned about what would happen next year when Seattle’s minimum wage will be higher for franchises and bigger businesses than it is for smaller ones.

“My wife and I have promised that we’re not going to cut our employee hours; we’re going to focus on service,” he said. But he said he expected many of his fellow owners to reduce hours and raise prices “because they will be desperate.”

Mr. Jones said he was trying to work with other franchise owners in Seattle to help them figure out how to manage costs. “Next year is the big test,” he said.

Correction: July 24, 2015

An earlier version of this article erroneously attributed a distinction to Wisconsin. While it was among the states where a wage board could set a higher wage for a particular set of workers, that changed on July 12, when a state budget signed into law repealed that power. Now, only the legislature can change the state’s minimum wage.

Reporting was contributed by Kirk Johnson from Seattle; Jennifer Medina from Los Angeles; and Patricia Cohen, Maggie Haberman, Noah Remnick and Stephanie Strom from New York.

[http://www.nytimes.com/2015/07/24/nyregion/push-to-lift-hourly-pay-is-now-serious-business.html?emc=edit th 20150724&nl=todaysheadlines&nid=17132495& r=1](http://www.nytimes.com/2015/07/24/nyregion/push-to-lift-hourly-pay-is-now-serious-business.html?emc=edit_th_20150724&nl=todaysheadlines&nid=17132495&r=1)

the guardian

<http://www.theguardian.com/us-news/2015/jul/24/rapid-success-15-dollars-minimum-wage-new-york>

The rapid success of Fight for \$15: 'This is a trend that cannot be stopped'

Steven Greenhouse in New York

Friday 24 July 2015 08.54 EDT

Last modified on Friday 24 July 2015 10.55 EDT

When fast-food workers started protesting just two years ago for a \$15 minimum wage, they were mocked. This week, they secured their biggest victory yet



People celebrate the passage of the minimum wage for fast-food workers by the New York State Fast Food Wage Board during a rally on Wednesday. Photograph: Brendan Mcdermid/Reuters

When 200 New York restaurant workers walked out in the nation's first-ever fast-food strike in late 2012, they were widely mocked for demanding minimum pay of \$15 an hour, with some critics saying their demand was absurdly out of reach, akin to visiting Mars.

But this week a New York state panel appointed by Governor Andrew Cuomo recommended establishing a \$15 minimum wage for the state's 180,000 fast-food workers. It

was a landmark win for an unorthodox movement – the Fight for 15 – that is just two and a half years old.

“It’s huge,” said Kendall Fells, the Fight for 15’s chief organizer. “It’s hard to believe, going back to that first one-day strike, with people saying, ‘They’re crazy. This is stupid.’ And now you have Governor Cuomo stepping up to help raise wages for 180,000, people.”

Fells said the movement was intent on charging ahead and would continue to press McDonald’s, and other fast-food companies to adopt a \$15 minimum, which suddenly appears more realistic now that a New York state board has recommended \$15, to be phased in over three years in New York City and six years in the rest of the state. Moreover, it might grow harder for McDonald’s to resist such demands if New York’s move – which awaits formal approval by the state labor commissioner – demonstrates that fast-food restaurants can survive and perhaps even thrive paying more than twice the federal minimum wage of \$7.25 an hour.

Fells said the movement would press more cities and states to embrace \$15. He noted that Tacoma, Washington, was considering \$15 after Seattle, San Francisco and Los Angeles voted to adopt a \$15 minimum, phased in over several years. The movement is urging the Massachusetts legislature to enact a \$15 minimum for big-box and fast-food chains.

“This is a trend that cannot be stopped,” said Gary Chaison, a usually subdued professor of industrial relations at Clark University in Worcester, Massachusetts. “I think within five or 10 years almost every state in the country – maybe not Mississippi or Alabama – will have a \$15 minimum wage.”

“This is an idea whose time has come – that in the United States you should not work and be poor at the same time,” Chaison continued. “If you can get this on the west coast and in New York, you’ll see efforts to push it in the middle of the country – in places like Chicago and Atlanta. I don’t think the Republicans will be able to stop it. This is a tidal wave.”

The Fight for 15 has mushroomed from a modest, one-day walkout by 200 workers in one city to one of the largest US labor protests in decades, with tens of thousands of fast-food workers and their supporters protesting in 200 cities last April, in the movement’s ninth one-day strike.

The New York move was one of several Fight for 15 victories this week. The Los Angeles County board of supervisors voted to approve a \$15 minimum wage, phased in by 2020, while the University of California system adopted \$15 base pay for its workers and those of outside

contractors. City officials in Washington DC ruled on Wednesday that a proposal for a \$15 minimum wage was an appropriate subject for a citywide ballot initiative. The DC Working Families Organization is seeking to collect 24,000 signatures to have a \$15 minimum placed on the ballot next year.

“The energy around the campaign is incredibly high,” said Delvone Michael, the group’s director. “DC is one of the most expensive cities in the country, and income inequality is outlandish in DC. We want to do something to help people struggling to support their families.”

Championing the Fight for 15, Senator Bernie Sanders of Vermont, who is seeking the Democratic presidential nomination, introduced a bill to raise the federal minimum wage to \$15 by 2020. His bill stands little chance because Republicans control Congress. Former Maryland governor Martin O’Malley, a Democratic candidate, also backs a \$15 federal minimum, and their support is intensifying pressure on Hillary Clinton, the Democratic frontrunner, to endorse \$15.

Clinton has stopped short of that, but said this month: “I support the local efforts that are going on that are making it possible for people working in certain localities to actually earn \$15.”

The Republican presidential candidates generally oppose raising the federal minimum wage, with some suggesting that there should be no legislated minimum wage.

In numerous cities, there are campaigns to raise the minimum to somewhat less than \$15. Liberal and labor groups are pushing the St Louis city council to adopt a phased-in \$13 minimum, as Kansas City has done. The Republican-controlled Missouri legislature passed a “pre-emption” bill to bar local communities from enacting higher minimums, but Governor Jay Nixon, vetoed the legislation.

In Alabama, progressive groups are pressing the Birmingham city council to enact a \$10.10 minimum wage. In adopting a \$9 minimum wage last December, Louisville became one of the first cities in the south to adopt a minimum above the federal \$7.25 an hour. Business groups have sued to block Louisville’s move, saying the state, not the city, has the authority to take such actions.

The New York State Restaurant Association criticized the wage board’s call for \$15. The association accused Cuomo of “stacking the board” with pro-labor people and said the board adopted “an extremist policy that will force business owners in this low-profit-margin industry to cut hours, lay off employees and use technology to help offset skyrocketing labor costs”.

Tsedeye Gebreselassie, a senior staff attorney at the National Employment Law Project, an advocacy group for low-wage workers, predicted that New York's move would help workers outside fast food. She said: "There will be pressure on other low-wage sectors to raise pay because they will be competing to attract workers with the fast-food industry, which will be paying a lot more."

Fells said the Fight for 15— which is also pushing to raise wages for childcare workers, and home-care workers - might ask Cuomo to set up additional wage boards to recommend higher wages in those fields. Cuomo has criticized fast-food wage levels, saying that taxpayers — through food stamps and Medicaid — were subsidizing giants like McDonald's, that were not paying workers enough to support their families.

After the wage board made its \$15 recommendation, Cuomo said triumphantly: "When New York acts, the rest of the states follow."

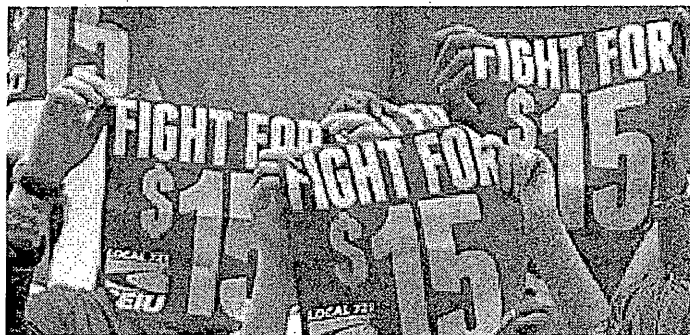


Time to Change

Supervisors adopt \$15 minimum wage over Antonovich's objections

By Peter Dreier 07/23/2015

Three years ago Altadena residents engaged in a bitter battle over whether to allow Walmart to open a store on Lincoln Avenue. The nation's largest private employer was the topic of much controversy, in part because it is infamous for paying poverty wages to most of its employees, many of whom have to have another job and utilize food stamps and other government subsidies in order to make ends meet. But starting next year, the Altadena Walmart, which opened in 2013, will be paying all of its employees at least \$10.50 an hour and will be paying \$15 an hour by 2020.



If you think that the Waltons — the heirs to Walmart founder Sam Walton and among the wealthiest families in America — suddenly developed a social conscience, think again. Walmart and all other Altadena employers will be paying higher wages because on Tuesday the LA County Board of Supervisors adopted a minimum wage that applies to employers in the county's unincorporated areas, which are not part of local municipalities and depend on the county for police, fire, library and other services.

After it goes to \$10.50 next year, the county plan will raise the pay floor to \$12 an hour in 2017, \$13.25 in 2018, \$14.25 in 2019, and \$15 an hour in 2020, and then increase each year indexed to the Consumer Price Index. (Small businesses will have an extra year to reach the \$15/hour level).

Republican Supervisors Don Knabe and Michael Antonovich (who represents the Fifth District, which includes Altadena) voted against the ordinance. Supervisors Sheila Kuehl (who sponsored the new plan), Mark Ridley-Thomas and Hilda Solis, all Democrats, voted in favor.

"As the nation's largest low-wage region, LA's economy stands to gain billions of dollars and lift hundreds of thousands out of working poverty," said Kuehl after the vote. "This is an historic win against growing inequality in the richest county in the richest country on earth."

The vote came on the heels of a similar plan adopted by the city of Los Angeles in June. Together, the city and county laws cover about half of the nearly four million workers in sprawling Los Angeles County, the nation's largest county.

Los Angeles County has more poor people (about one-fifth of its residents) and more millionaires than any county in the nation.

About one-tenth of LA County's 10 million residents live in unincorporated areas, including Altadena. Approximately 390,000 workers are employed in parts of the county falling outside the 88 incorporated cities.

The current minimum wage in California is \$9 an hour, which will increase to \$10 next year. The federal minimum wage has been stuck at \$7.25 since 2009 because of Republican opposition in Congress to any increase. Studies show that the typical minimum wage worker is in his or her late 20s and early 30s and supporting a family, not a teenager working for pin money.

A \$15 an hour wage translates into an annual pay of \$31,200 for full-time, year-round workers. According to a just-released United Way report, a family in Los Angeles County with two adults and two children needs to earn \$59,919 a year to make ends meet. Thirty-seven percent of families in the county make less than that amount.

Attention will now shift to the other 87 incorporated cities in the county, whose employers may find it harder to attract workers if employers in LA and the unincorporated areas are paying a few dollars more an hour. Coalitions of religious, community, civic, nonprofit, and labor groups in Long Beach, Santa Monica, West Hollywood and Pasadena are already working to persuade their local city councils to adopt a similar plan.

Pasadena Mayor Terry Tornek, who during his successful campaign for mayor earlier this year pledged to support a citywide minimum wage that mirrored Los Angeles' law, has scheduled a discussion of the topic at next Monday's City Council meeting, which begins at 6:30 p.m. in City Hall, 100 N. Garfield Ave., Pasadena.

The Pasadena Living Wage Coalition has been meeting with civic leaders, City Council members, religious and community groups, unions, and groups like ACT, the NAACP and the League of Women Voters to mobilize support for a citywide minimum wage.

Close to 800 people packed the auditorium at the county's Kenneth Hahn Hall of Administration building in downtown LA on Tuesday. A number of business owners and representatives of about a dozen chambers of commerce from across the county also showed up to voice their opposition to the pay hike, but the overwhelming majority in the audience came to support Kuehl's minimum wage proposal. Many of them were low-wage workers — janitors, hotel housekeepers, clerks in big-box stores like Walmart, home health care aides and others. Quite a few carried signs saying "Fight for \$15" and wore T-shirts emblazoned with the same slogan.

"I go to school full time, and I work full time, so if we were to get paid more, I'd focus more on school and less on my job," said Roberto Balanzar, who attends Long Beach City College and also works at Burger King to help support his mother (who also works in food service) and four younger brothers. "My mom's getting help from the government. That's something I don't want my mom to do, or me. I don't want that in the future. I want to work for my own stuff." He hopes to transfer to a four-year university to study engineering.

Nancy Berlin, policy director for the California Association of Nonprofits, testified that 77 percent of her group's members, many of whom serve low-income people, support the plan to raise the minimum wage. "We don't want to create a low-wage workforce among nonprofits," she said. "It creates high turnover and a lot of disgruntled people who are trying to do good work in the community."

Balanzar and Berlin were two of about 175 individuals who signed cards requesting to speak at the hearing, which lasted from 11:20 a.m. to 2:45 p.m. Rather than invite them to speak on a first-come, first-serve basis, Antonovich, who chaired the meeting because he is the county's temporary "mayor," allowed elected officials (including LA Mayor Eric Garcetti, LA City Council member Marqueece Harris-Dawson and West Hollywood Mayor Lindsey Horvath) to speak first. After that, Antonovich gave preference to the opponents of Kuehl's plan, including representatives of various business lobby groups, although he sprinkled a few proponents among the early speakers to avoid looking completely one-sided.

Antonovich no doubt knew that by putting the opponents at the front of the line, many of the advocates in the crowd — especially the low-wage workers who took time off from their jobs to attend the meeting to tell their stories about the difficulties living on poverty wages or just to support the cause — would have to leave before the supervisors voted, depriving them of an opportunity to celebrate and feel part of a history-making moment.

Thanks to Antonovich, I was the last speaker, addressing the supervisors right before they took their historic vote. Antonovich clearly intended this to be my punishment for an article I wrote two weeks ago in the Huffington Post attacking him for hiring, at a cost of \$55,000 of taxpayers' money, a restaurant-industry front group called the Employment Policies Institute (EPI) to write a report evaluating the impact of adopting a county minimum wage. As I wrote in that piece, "Hardly anyone takes EPI seriously as a source of impartial information. Asking EPI to do a 'study' of the minimum wage is like asking the National Rifle Association to look into the advantages of gun control or hiring Donald Trump to examine the pros and cons of Mexican immigration."

I noted that EPI has been the subject of widely-publicized investigations and exposes by *The New York Times*, the *Washington Post*, the *Boston Globe*, *USA Today*, *60 Minutes*, CNN and others. "There's no way that Antonovich could be unaware of EPI's role as a corporate front group and its reputation for distorting the truth," I wrote.

Understandably, Antonovich was not pleased with my article. So he took his revenge by making sure that I had to wait almost three and a half hours before being allowed to make my one-minute presentation, even though I was among the first people to sign up to speak.

I didn't mind waiting to speak, because I was inspired by the many low-wage workers who demonstrated great courage in testifying publicly about the hardships they faced in making ends meet and the abuses they encountered from employers when they sought to organize.

But I found it both amusing and disconcerting that Antonovich, who has served on the powerful Board of Supervisors for 35 years, and who will be leaving office next year because of term limits, would engage in such mean-spirited and petty tactics.

Antonovich may be spiteful, but he can count votes. He knew long before the meeting even began that he was going to lose the minimum wage battle by a 3 to 2 vote. The flawed and biased report that EPI provided the Board of Supervisors didn't change anyone's mind. Nor did Antonovich's last-ditch effort, before the supervisors cast their votes, to make the case against the wage hike by echoing the chamber of commerce's worn-out talking points that they've been using since

California Gov. Hiram Johnson successfully advocated a state minimum wage in 1913 and President Franklin Roosevelt introduced a federal version in 1938. It will, according to the conservative mantra, "kill jobs." It will force businesses to shut down or move. It violates the spirit of "free enterprise." It was meant to be a starting salary, not a "living wage." Workers who work for tips — such as waiters, waitresses, and car washers — don't need the higher minimum wage.

Business lobbyists have been spouting these sentiments for decades, even though there's no empirical evidence to support them. But that didn't stop Antonovich — as well as the Chamber of Commerce executives from Los Angeles, Santa Clarita, Glendora, Monrovia, Torrance, Altadena, East Los Angeles and other parts of the county — from warning about the pending catastrophe, just like the boy who cried wolf.

In addition to adopting a minimum wage for employees in unincorporated parts of the county, the supervisors also voted to adopt the same policy for LA County's own 100,000 employees. They also added a provision to help guarantee that the law is enforced by creating an initiative to monitor and prosecute "wage theft" by employers that fail to pay workers their full salaries. The Supervisors also expanded the existing "living wage" for employees of firms that have contracts with the county for custodial, gardening, food service and other services. Those contractors will have to pay workers \$15.79 an hour by 2018.

The new minimum wage in both LA County and its largest city is part of a growing movement among low-wage workers and their allies around the country to increase their pay by pushing state and local government policymakers to raise minimum wages and by putting direct pressure on employers to hike pay rates. Over the past few years, employees at fast-food chains, Walmart, and other corporations have engaged in rallies, protest marches, and even civil disobedience to press their cause.

In response, an increasing number of cities, including Seattle, San Francisco, Oakland, Kansas City and Chicago, have adopted mandated wage hikes and dozens of other municipalities are thinking of doing likewise. New York State is expected to soon adopt a \$15 an hour minimum wage for fast-food workers.

The movement has shifted public opinion, too. A recent poll by Hart Research Associates found that 75 percent of Americans (including 53 percent of Republicans) support an increase in the federal minimum wage to \$12.50 an hour by 2020. Sixty-three percent of Americans support an even greater increase in the minimum wage to \$15 an hour by 2020.

Kuehl compared the growing movement for better wages to the first women's suffrage gathering in Seneca Falls, New York, in 1848, the first lunch counter sit-ins in 1960 in North Carolina that challenged segregation laws, and the 1969 protest at the Stonewall Bar in New York City that triggered the gay rights movement.

"At different points in our history, people drew the line and said things have to change," Kuehl said. "Today is one of those moments."

Peter Dreier, a Pasadena resident, is professor of politics and chair of the Urban & Environmental Policy Department at Occidental College.

Consider the Source
100 Years of Broken-Record
Opposition to the Minimum Wage

National Employment Law Project / Cry Wolf Project
March 2013

NELP

**National Employment
Law Project**

About National Employment Law Project

For more than 40 years, the National Employment Law Project has sought to ensure that work is an anchor of economic security and a ladder of opportunity for all working families. In partnership with national, state, and local allies, NELP promotes policies and programs that create good jobs, strengthen upward mobility, enforce hard-won workplace rights, and help unemployed workers regain their footing. To learn more about NELP, visit www.nelp.org



About Cry Wolf Project

The Cry Wolf Project is a network of advocates, researchers and scholars dedicated to demonstrating that, in fact, conservatives and business groups are only "crying wolf" to delay, prevent and weaken important and common sense regulations that save lives, clean our environment and make our families more secure. To learn more about Cry Wolf Project, visit www.crywolfproject.org

Introduction

"The arguments raised against establishing any legal minimum wage were the same as those which have been used by employers over the past 50 years. "The proposed 50-cent minimum wage would be a 'socialistic toehold' toward a higher minimum. It would ruin many small businesses. The State would be taking over and running free enterprise."

I always believe that, in a democracy, it is the obligation of the Government to give its citizens the protection and care they need for the benefit of the individual, the family, and the Nation as a whole."

*~ Eleanor Roosevelt
Congressional testimony, 1959*

In her Congressional testimony from 1959, Eleanor Roosevelt noted the repetitive quality of objections raised by minimum wage opponents over the previous five decades. More than 50 years later, it appears that nothing has changed.

This report documents the rhetorical onslaught launched by minimum wage opponents over the past 100 years. Rather than approaching these claims at face value, we step back and review how minimum wage opponents have presented their case through roughly a century's worth of public statements, congressional testimonies, editorials, media interviews, and other public records, devoting a critical eye to the trajectory of these criticisms over time.

Our investigation yields two main findings:

- The criticisms raised by minimum wage opponents display a remarkable consistency over the past 100 years – indeed, it appears that the unfolding of nearly a century's worth of significant economic and political change in the United States has done almost nothing to inform or alter the objections raised by those opposed to the minimum wage.
- Second, throughout the decades of opposition to the minimum wage, three distinct themes persistently reappear in the criticisms of minimum wage opponents:

1. *Raising the minimum wage would impair the economy;*

"In fact, the impact of minimum wage usually is that businesses hire less people... We have a lot of history to prove that the minimum wage, raising the minimum wage does not grow the middle class."

~ Sen. Marco Rubio, 2013

2. *A higher minimum wage would ultimately harm the very workers it is intended to help;*

"Look, I wish we could just pass a law saying everybody should make more money without any adverse consequences. The problem is you're costing jobs from those who are just trying to get entry level job."

~ Rep. Paul Ryan, 2013

3. *The minimum wage violates America's commitment to freedom and liberty.*

"Mr. Speaker, in America, we can either have maximum opportunity or we can have minimum wages. We cannot have both."

~ Rep. Jeb Hensarling, 2007

This report suggests that, in their dogged monotony, the criticisms raised by minimum wage opponents may amount to little more than articles of faith repeated by the adherents of a stubborn ideology and expressed without reflection on the prevailing economic or political conditions.

If it is true that minimum wage opponents have been motivated in large part by ideological commitments, then it could explain why they have repeatedly claimed to oppose the minimum wage in the interest of protecting low-wage, minority, or young adult workers, even as these very workers consistently express high levels of support for raising the minimum wage.

Ideological rigidity may also explain why these critics have consistently feared the onset of socialist or other anti-democratic political change as a consequence of higher minimum wages, regardless of what the historical record makes clear about the basic integrity of America's economic system.

Given the sheer number of corporate interests and industry advocates that number among the cast of minimum wage opponents, it remains well within the realm of possibility that simple self-interest could lie behind this decades-long opposition. In their alarmist tone, the criticisms raised by minimum wage opponents may reflect a cynical attempt to delay or obstruct the implementation of minimum wage legislation by appealing to widely held anxieties about job loss and economic stagnation.

To our knowledge, this is the first study to specifically examine in detail the rhetorical trajectory of opposition to the minimum wage in the United States; for reference, the appendix contains a full, chronological listing of the public statements we examine in this report. While this report does not exhaustively chronicle every critical comment made in opposition to the minimum wage, we believe our research represents a fair survey of the statements and objections that have been expressed about minimum wage legislation by the opposition's leading voices over the last 100 years.

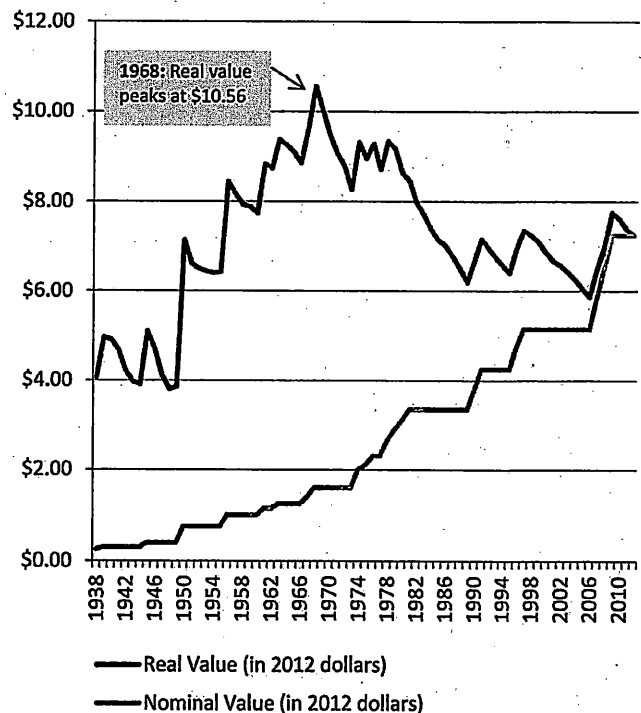
Finally, while many of the statements documented in this report sound extreme or exaggerated, that is not

because our review of opposition arguments is confined to a narrow look at the most inflated rhetoric. Instead, our review of an expansive documentary archive focusing overwhelmingly on statements from prominent conservative political figures and well-known industry advocates reveals that alarmist rhetoric appears consistently throughout the historical record.

Brief History of the Federal Minimum Wage

The first minimum wage law in the United States was established in 1912 in the state of Massachusetts. Several states would follow suit over the next two decades, and, in 1938 – at the height of the Great Depression – Congress established the first federal minimum wage as part of the Fair Labor Standards Act (FLSA). Its stated purpose was to keep America's workers out of poverty and to increase consumer purchasing power in order to stimulate the economy.

Figure 1. Nominal Value vs. Real Value of the Federal Minimum Wage, 1938-2012



Source: National Employment Law Project analysis of Consumer Price Index (CPI-U)

Since there is no automatic cost of living adjustment for the minimum wage, Congress must act in order for the wage floor to maintain its real value over time. As Figure 1 shows, the real value of the minimum wage rose fairly steadily from the time of its creation in 1938 until the late 1960s; throughout this time, Congress diligently approved regular increases in the minimum wage, protecting the wage floor from erosion by the rising cost of living.

Beginning in the 1970s, federal policymakers would abandon their role as stewards of the minimum wage. A record-setting nine years would pass between 1981 and 1990 without any increase in the minimum wage – a record that would ultimately be broken by a 10-year period from 1997 to 2007 without any increase. The consequences of this inaction were steep: from 1981 to 2007, the minimum wage lost over 32 percent of its purchasing power.¹

Opponents do not have to force a repeal of the minimum wage in order to weaken it: by simply delaying any action to raise the minimum wage, the real value of this labor standard will gradually erode over time. Ten states throughout the U.S. have addressed this problem by indexing their minimum wage rates to automatically adjust each year with the rising cost of living.² Until Congress raises the minimum wage and indexes it to rise with the cost of living, the federal minimum wage will remain vulnerable to the inconsistent attention of the legislative process.

The legislative history of the minimum wage has unfolded against a backdrop of intense opposition from business leaders, industry representatives, and conservative elected officials. In the remainder of this paper, we focus on that opposition, documenting the course it has taken over time and reflecting on the significance of its consistency in the face of ever-changing economic and political conditions in the United States.

Claim: Raising the minimum wage would impair the economy

The record of opposition to the minimum wage is replete with predictions of job loss and economic contraction in response to higher wages. From the very beginning, opponents of the FLSA argued that the establishment of basic labor standards like the minimum wage would fundamentally weaken the American economy.

1937

“Rome, 2,000 years ago, fell because the government began fixing the prices of services and commodities. We, however, know what has always happened when governments have tried to superintend the industry of private persons. The final result has always been distress, misery and despair.”

~ Gary Harrington, National Publishers Association

Once the minimum wage was established, critics almost immediately pivoted to opposing any future increase in

the wage floor, citing the very same predictions of job loss and economic contraction.

1945

“[T]he proposed jump from an hourly minimum of 40 to 65 cents at once and 70 and 75 cents in the following years is a reckless jolt to the economic system. Living standards, instead of being improved, would fall – probably to record lows.”

~ Reuben S. Haslam, National Association of Manufacturers

Over the subsequent seven decades, the minimum wage would rise over two dozen times, and yet nearly identical predictions of job loss and economic contraction – without regard or reference to the effects of earlier increases – continue to the present day:

1980

“The minimum wage has caused more misery and unemployment than anything since the Great Depression”

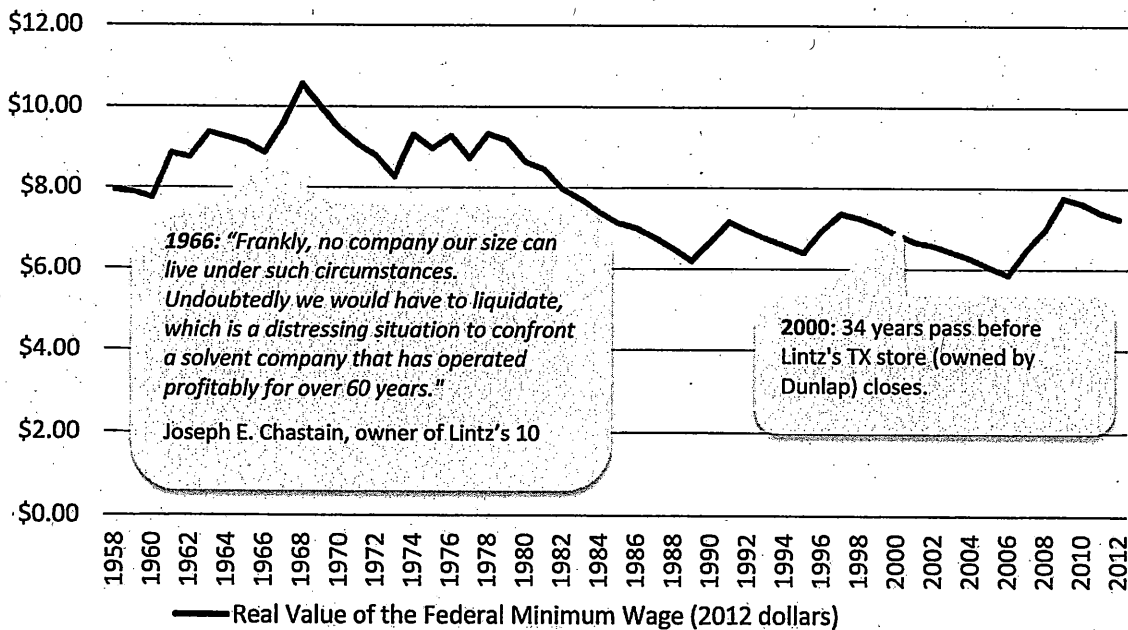
~ Gov. Ronald Reagan, Candidate for President of the United States

The appendix contains dozens of nearly identical quotations, revealing how warnings of higher unemployment and a weakened economy appear consistently throughout the history of opposition to the minimum wage. From today’s perspective, it’s perhaps not surprising to see the early minimum wage opponents cite concerns over “fixing the prices of services and commodities” – at this point in time, there was little labor market regulation and the discipline of economics was still largely informed by the theories of early classical economists, whose conception of the free market focused narrowly on the dynamics of transactions between private entities, ignoring to a large extent the capacity for public interventions to promote more positive economic outcomes. It is noteworthy, however, that this rudimentary nineteenth-century economic perspective continues

to inform the criticisms of minimum wage opponents to the present day, particularly given the emergence of more sophisticated academic research on the minimum wage providing a complex and nuanced understanding of its effects.³ It appears that, even as our understanding of the economy has evolved and improved over several decades, the convictions of minimum wage opponents have remained unchanged.

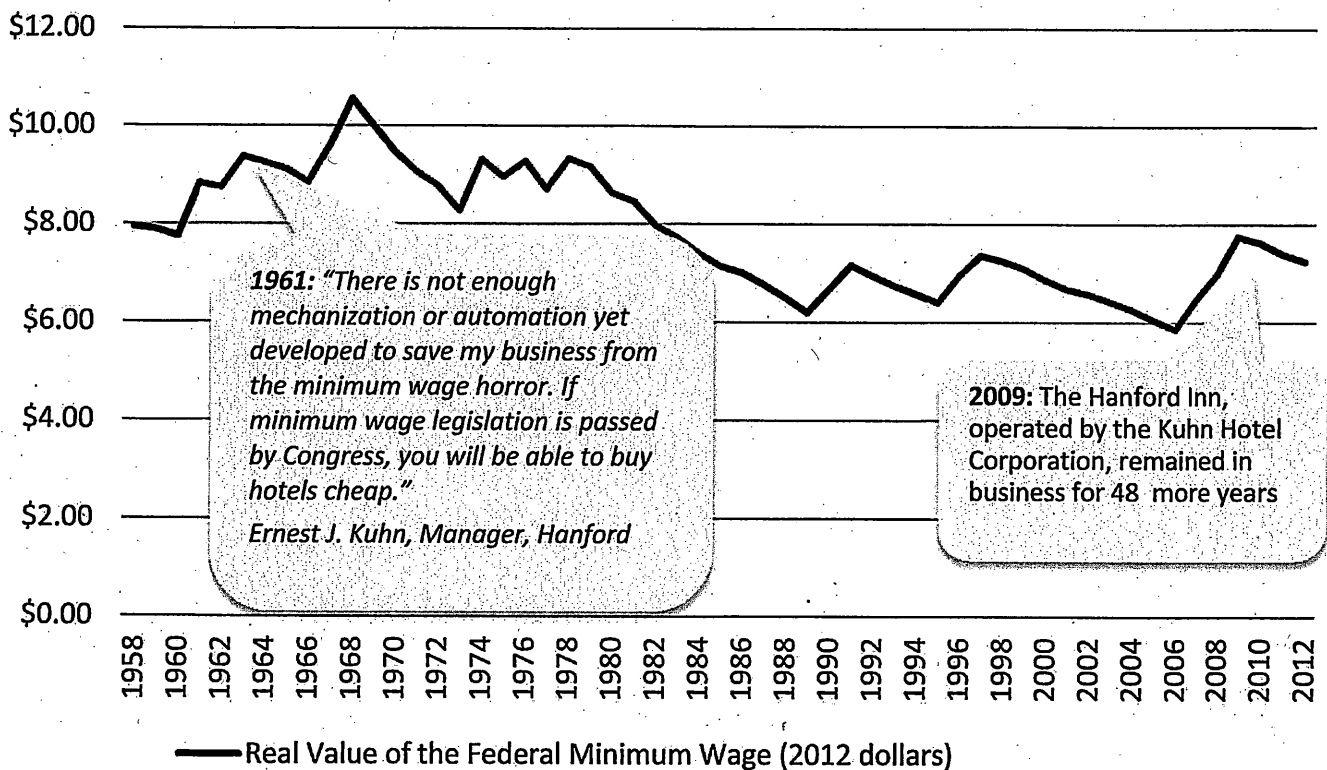
The objections of minimum wage opponents are not limited to sweeping concerns over job loss and economic decline; the historical record also contains multiple examples of individual business leaders and industry representatives issuing highly specific warnings that any increase in the minimum wage will force them to cut their payrolls. In Figure 2 below, a hotel manager personally attests to the hardship that a higher minimum wage would cause his business; he suggests that, given the labor-intensive nature of his business and the hotel industry more broadly, a minimum wage increase would make it impossible for him to remain open. Figure 3 on the following page reveals a similar story featuring a business leader in a low-wage industry (in this case, retail) arguing that higher wages will force the laying off of workers.

Figure 2. Empty Threats: Businesses Remain Open Regardless of the Real Value of the Federal Minimum Wage



Source: “Dunlap Stores,” Financial Profiles, University of Wisconsin, Information Retrieved September 6, 2012

Figure 3. Empty Threats: Businesses Remain Open Regardless of the Real Value of the Federal Minimum Wage



Source: Joe Buttweiler, "Mason City's Hanford Inn Is Closing," The Globe Gazette, November 1, 2009.

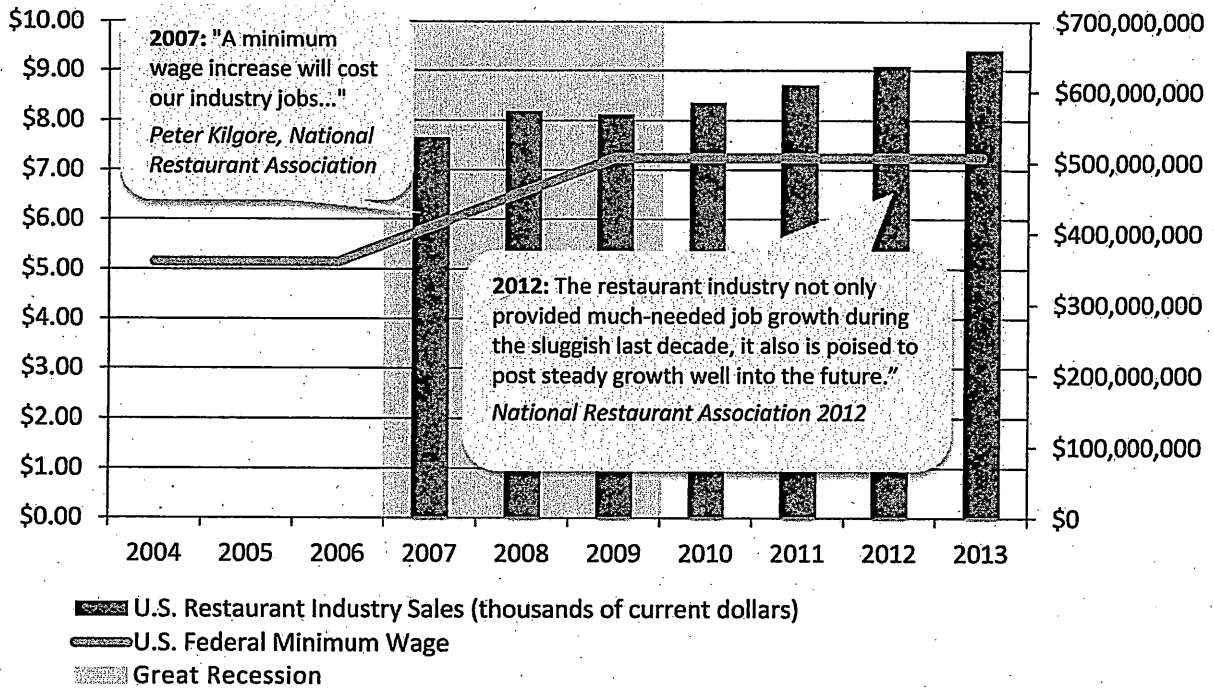
History ultimately proved these pessimistic predictions wrong. While the Hanford Inn and Lintz's Department Stores (Figure 2 and Figure 3) both eventually closed, their doors would remain open for roughly another 40 years after their executives first threatened closure. And while some opponents may suggest that these businesses suffered a "slow drain" fueled by the periodic minimum wage increases over this time, the record shows that the minimum wage was actually lower in real terms at the time of their closing than when their executives first threatened to cut their payrolls.

The National Restaurant Association (NRA) perhaps best exemplifies the salience of the job loss claim among minimum wage opponents. The NRA and its state-based affiliates have a long record of opposing minimum wage increases on the basis that higher wages will reduce job growth – yet, even as the NRA publicly expresses anxiety about the strength of its industry, its own internal forecasts reveal a strong sense of optimism about the employment growth prospects

of the restaurant industry (see Figures 4 and 5 below). These forecasts clearly indicate that restaurant employment continued growing after the 2007-2009 federal minimum wage increase, despite NRA's public guarantees that "significant" job loss would occur as a result.

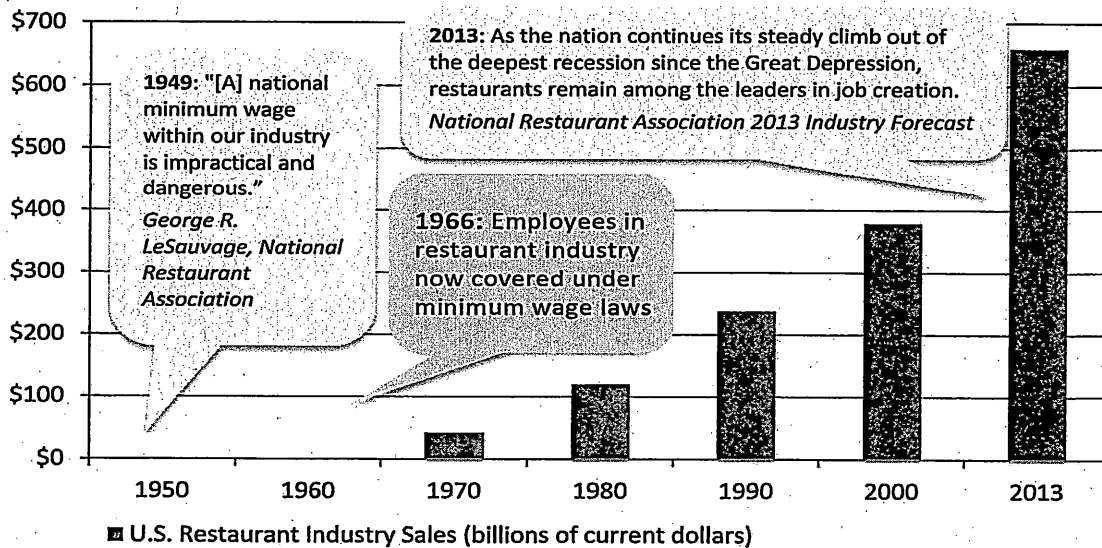
A confusing quality marks the history of those claims insisting that minimum wage increases will cause job loss and economic contraction: While Congress has raised the minimum wage dozens of times over the last 70 years, and while the discipline of economics has witnessed nothing short of a sea change in its understanding of the effects of minimum wage increases, those opposed to the minimum wage have nevertheless continued to repeat with religious certainty a basic conviction that a higher wage floor must produce higher unemployment or reduce economic growth.

Figure 4. False Alarm: Restaurant Industry Continues to Thrive After Federal Minimum Wage Increase



Source: 2007, 2012, and 2013 Restaurant Industry Forecasts, National Restaurant Association

Figure 5. False Alarm: National Restaurant Association Threatens Industry Collapse due to Minimum Wage Increases



Source: 2013 Restaurant Industry Forecast, National Restaurant Association, January 2013

Claim: Raising the minimum wage harms the very workers it intends to help

Another paradox is evident in the historical record of opposition to the minimum wage: Many of the policy's most fervent opponents couch their opposition in concerns for the welfare of low-wage workers. There is an extensive record of minimum wage critics, especially elected officials, justifying their opposition to the minimum wage as defenders of the interests of workers affected by this policy.

1996

“[The minimum wage] hurts exactly those workers it intends to help—the poor, the unskilled, and the young. Everyone wants to see income growth boost the economic well-being of the working poor, but throwing many of them out of work is not the solution.”

~ Rep. Jim Saxton (R-NJ),
Congressional Record

1989

“When the minimum wage goes up, the very people we say we want to help – the young, the unskilled, the disadvantaged – are the first people to get laid off.”

~ Rep. William Goodling (R-PA),
Congressional Record

1977

“...many of the industries and small businesses employing marginally trained or unskilled workers will be forced to cut back on the number of those employees or go out of business. The very worker that the Federal minimum wage was intended to aid will find himself out of work.”

~ Rep. Mickey Edwards (R-OK),
Congressional Floor Speech

1955

“I think the people who are proposing these things don't know what they are talking about. It means economic chaos for the very people they are trying to help.”

~ Senator Barry Goldwater (R-NJ), Congressional
Floor Speech

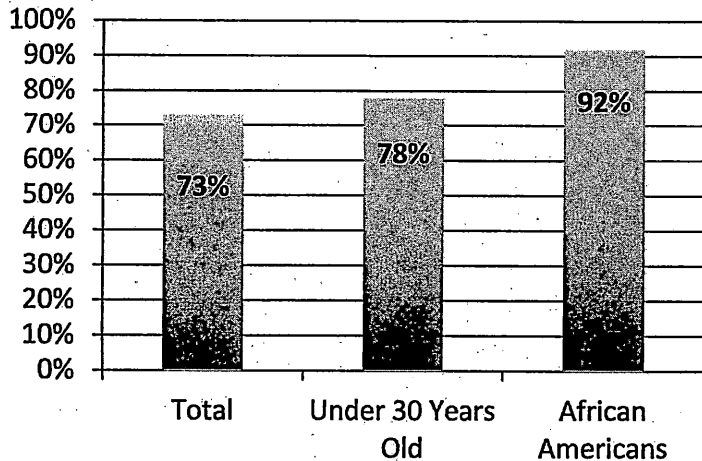
There is in fact a remarkable continuity, across several decades, of minimum wage opponents using nearly identical language to identify the alleged victims of minimum wage legislation as the very workers that the policy is intended to help – a position completely at odds with these very workers' views of the minimum wage.

As the charts reflect (on the following page), there is near-universal support among low-wage, young adult, and minority workers for raising the minimum wage. Indeed, as recent polling reveals, African Americans, young adults, and low-income workers consistently support proposals to raise the minimum wage at significantly higher rates than the population overall.⁴

As supposed representatives of the interests of low-wage workers, these minimum wage opponents remain strikingly unaware of the preferences of the constituency they claim to represent. Regardless, minimum wage opponents continue through the present day to insist that they oppose higher wages for low-paid workers in order to protect, allegedly, the economic security of precisely those same low-paid workers.

African American workers in particular figure prominently in the criticisms of minimum wage opponents. While Wall Street Journal editorial writer Jason Riley may appear extreme in suggesting that the NAACP, by virtue of its support for the minimum wage, “shows it-

2012: African American and Young Adult Support for Raising the Minimum Wage to \$10 by 2014

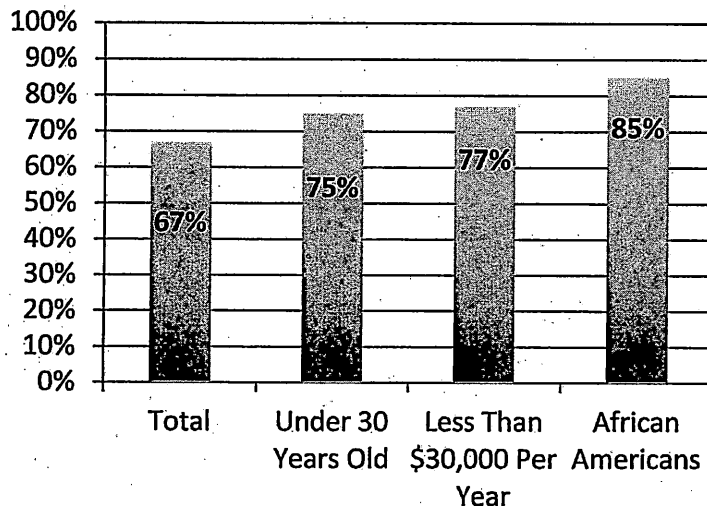


Source: Lake Research Partners, February 2012

2012: "The NAACP supports minimum wage laws that study after study show disproportionately harm black workers, particularly younger black workers... Example after example after example, the NAACP shows itself to be more interested in promoting Democratic causes than necessarily supporting the interests of blacks."

Jason Riley, Wall Street Journal Editorial Board

2010: African American, Young Adult, and Lower-Income Support for Minimum Wage Increase to \$10 per Hour



Source: Public Religion Research Institute, 2010

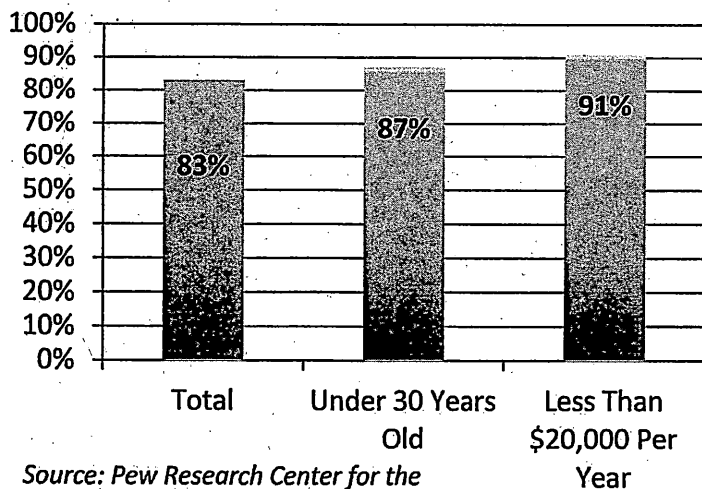
2011: "[Repealing the minimum wage] would help the poor people who need jobs. Minimum wage is a mandate. We're against mandates so why should we have it? It would be very beneficial!"

Rep. Ron Paul (R-TX), Presidential Candidate

2010: "Higher minimum wages, needless to say, are especially destructive for people with poor work skills and limited work experience. This is why young people and minorities tend to suffer most..."

Dan Mitchell, Senior Fellow, Cato Institute

2006: Young Adult and Lower-Income Worker Support for Raising the Minimum Wage to \$7.25 per Hour



Source: Pew Research Center for the

2009: "Under-employment among young black males and low earnings among older black males are perennial problems explained in part by the minimum wage."

Art Carden, Adjunct Fellow, Independent Institute

self to be more interested in promoting Democratic causes than necessarily supporting the interests of blacks," this statement is actually a representative example of the highly racialized rhetoric found in the criticisms expressed by minimum wage opponents over the past several decades.

1973

“I've often said that the minimum-wage rate is the most anti-Negro law on the books.”

~ Milton Friedman,
Playboy Magazine

1989

“Youth unemployment and black unemployment will drastically rise. It's amazing to me that some black leaders want an increase in the minimum wage.”

~ Rep. Orrin Hatch (R-UT)
Congressional Record

1989

“When we pass minimum wage legislation it says one thing, Mr. Speaker; it says to the young black in the inner city, it says to the handicapped individual, it says to the young person looking for a first time job, unless you can meet a minimum standard, we will pass a law that says it is a violation of the Federal statute to hire such a person.”

~ Rep. Bob McEwem (R-OH)
Congressional Record

Again, given the consistently high levels of support that African American workers in particular have expressed for raising the minimum wage, it is confusing to see minimum wage opponents assert with such conviction that higher wages will actually hurt these very same workers.

Claim: Raising the minimum wage violates America's commitment to Freedom

It is unclear exactly what many minimum wage opponents mean by the type of “freedom” they believe is under assault from policies like the minimum wage. It is clear, however, that even since before the passage of the Fair Labor Standards Act, opponents of the minimum wage have consistently expressed anxiety about the potential erosion of America's fundamental commitments to liberty and freedom arising from implementation of basic labor standards.

1937

“[The Fair Labor Standards Act] constitutes a step in the direction of communism, bolshevism, fascism, and Nazism.”

~ The National Association of Manufacturers

1977

“The question of the minimum wage goes beyond the immediate problem. It strikes at a basic underpinning of our democratic system... Have we so soon forgotten that the American Revolution was fought in part because of such restrictions?”

~ Tom Hagedorn (R-MN),
Congressional Record

Critics frequently wield terms like “communism” and “socialism,” invoking ideological opponents from America's history, in order to frame the minimum wage as an “enemy” policy that, by its very implementation, delivers a victory to anti-American forces.

1993

“The creeping socialism begins at the \$5.05 level.”

~ Eric Mund of Mega Management Corporation,
a New Jersey Burger King franchise

2006

“Economic freedom, not minimum-wage socialism, is the key to reducing poverty.”

~ James A. Dorn, Cato Institute

In many ways, it is difficult to critically evaluate these references to extreme ideologies and anti-American imagery in the history of opposition to the minimum wage: These statements are obviously not about empirical evidence or predicted economic effects of specific legislation – they are about ideology. We include them in this report because of the unavoidable fact that they appear pervasively throughout the historical record of opposition to the minimum wage, and they are often linked with the other arguments about job loss and negative effects on vulnerable workers. As far as our analysis, we believe the ideological comments speak for themselves as transparent attempts to frighten the public and delay the passage of minimum wage legislation. Coupled so often with the other repeat offender arguments, they serve to underscore that throughout the nation’s history, opposition to the minimum wage has been based more in ideology than economics.

If we were to engage these extreme ideological comments as sincere expressions of concern about the erosion of freedom in the U.S., we might start by reflecting on a distinctly American marker of freedom – middle class economic mobility – and its relationship to the minimum wage. Recent research reveals that middle class economic security has eroded significantly over the past several decades: Since 1979, the capacity of the economy to produce “good jobs” that support middle class economic security has declined by approximately 30 percent.⁵ At the same time, the cost of higher education and health insurance – two products long accepted as basic to a middle class standard of living – have skyrocketed, particularly with respect to the

value of the minimum wage. Since 1979, the number of hours that a minimum wage worker would have to work in order to afford a year of college tuition or a year of health insurance for a single family has increased by 500 percent and 600 percent respectively.⁶ In other words, from this limited snapshot alone, it appears that the freedom to achieve a middle class lifestyle has only been negatively impacted by the eroding real value of the minimum wage.

This paper examines three distinct claims raised by minimum wage opponents and, upon reflection, observes two confounding features to each claim. No matter the criticism – whether it’s concern over potential job loss, sensitivity to the welfare of low-wage workers, or anxiety over the prospect of American national decline – each line of argument advanced by minimum wage opponents appears strikingly tone deaf when set against the most obvious and relevant facts on the ground. Yet, while the criticisms offered by minimum wage opponents show no nuanced regard for their relationship to reality, they have nevertheless continued to resurface with unyielding persistence over the past seven decades.

Conclusion

After nearly a century, the U.S. continues to find itself in a debate over the role of labor standards like the minimum wage in determining the quality of jobs held by America's workers. Sustained opposition from industry advocates and conservative elected officials has succeeded in stalling federal action to preserve the purchasing power of the federal minimum wage over the past four decades. Regardless of whether the motivation for this opposition stems from ideological commitments or simple self-interest, it is obvious that minimum wage opponents have leveraged an unyielding rhetorical onslaught against the minimum wage to significantly weaken this labor standard today.

As the core of the U.S. economy shifts away from middle-wage manufacturing jobs toward low-wage service occupations, the potential for upward economic mobility in America will depend in large part on whether the federal government acts to improve the quality of the fastest-growing sectors in the labor market today. Policymakers will almost certainly hear from minimum wage opponents in the decades ahead - the question is whether to continue accepting these claims at face value, or to recognize their role as instruments of delay for the policies that America's workers urgently need.

APPENDIX

This appendix records the results of our archival research. The quotations are first sorted by theme (described in greater detail in the body of the paper above) and then listed chronologically. Web-based citations are provided where available.

Claim: Raising the minimum wage would impair the economy

1937

"It would seem that many people are not willing in these times to heed the object lessons of the past. What is herein stipulated has been tried many times and failed. Rome, 2,000 years ago, fell because the government began fixing the prices of services and commodities. We, however, know what has always happened when governments have tried to superintend the industry of private persons. The final result has always been distress, misery and despair."

Guy Harrington, National Publishers Association. Congressional Record, June 11, 1937.

1938

"High hourly wages mean nothing to a worker if he has no job."

C.C. Shephard, spokesman for Southern States Industrial Council. "Textile Wage Rise Opposed by Council," New York Times, July 5, 1938. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F40C1EF7345B11728DDDAF0894DF405B898FF1D3>

"Plants now working eight hours a day and four on Saturday are faced with a two-hour Saturday, usually not feasible; or else a continuance of the 44 hour week with overtime pay."

U.S. Chamber of Commerce. Quoted in: "Chamber Assails Cut in Work Hours," New York Times, October 21, 1938. Available at: <http://query.nytimes.com/mem/archive/pdf?res=FA0E15F83B5E10728DDAB0A94D8415B898FF1D3>

1945

"[T]he proposed jump from an hourly minimum of 40 to 65 cents at once and 70 and 75 cents in the following years

is a reckless jolt to the economic system. Living standards, instead of being improved, would fall – probably to record lows."

Reuben S. Haslam, National Association of Manufacturers. Congressional Hearing, Oct 22, 1945

1949

"Any temporary advantage to our 2,000,000 million employees would be more than offset by immediate unemployment within our industry. [A] national minimum wage within our industry is impractical and dangerous."

George R. LeSavage, National Restaurant Association, Feb. 1949

Enactment of a seventy-five cent minimum wage would necessitate the selling of the cotton crop at an average price of 32 1/2 cents per pounds to cover the cost of labor alone. When the necessary cost of fertilizer, seeds, taxes, ginning, rent, etc., are figured in, the selling price would have to be 51 cents a pound... cotton could no longer even closely meet its competition pricewise, and the industry would be forced from the nation's economic scene.

Harold Young, spokesman for National Cotton Council. Quoted in: "Wage Rise Opposed by Cotton Council," New York Times, March 8, 1949. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F30717FC3858177B93CAA91788D85F4D8485F9>

"[Minimum wages] serve as a protective tariff for Northern and Eastern industries to slow up industrialization of other sections – particularly the South."

Earl M. McGowin, vice-president of W.T. Smith Lumber Company. Quoted in: "Lumber Man Hit Minimum Pay Bill," New York Times, January 25, 1949. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F30910FC345C177B93C7AB178AD85F4D8485F9>

1955

"The extension of Federal regulation to the small retailer, directly or indirectly, is the one final step that would bring about the complete regimentation of independent small business."

R. J. Thompson, spokesman for the Pennsylvania Retailers Association, 1955.

"Imposition of a 1 dollar minimum wage, with more than double the impact of a 90 cent minimum wage, could have substantial unemployment effects."

Emerson Schmidt, spokesman for U.S. Chamber of Commerce. Quoted in: "Raising the Wage Minimum," New York Times, June 7, 1955. Available at: <http://query.nytimes.com/mem/archive/pdf?res=FA0E1EF7355E1A7493C5A9178DD85F418585F9>

"The entire motion-picture industry, even if our largest centers, is balanced so delicately on the knife-edge of survival or destruction that the smallest expense could throw the balance the wrong way."

A. Julian Brylawski, vice-president of the Theatre Owners of America. Quoted in: "Employers Fight Wage Act Change," New York Times, May 10, 1955. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F40612FF3D5F107A93C3A8178ED85F428585F9>

"Increasing costs could have already compelled us to set a price on our room and food accommodations which is beyond the purse of some of our good citizens. If we were compelled to pay a minimum wage of \$1 an hour or more we would have to raise our rates to a level where a very large segment of the population could not afford to eat or sleep in a hotel."

Arthur J. Packard, spokesman for the American Hotel Association. Quoted in: "Employers Fight Wage Act Change," New York Times, May 10, 1955. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F40612FF3D5F107A93C3A8178ED85F428585F9>

"[Small businesses] are likely to be hard hit by any legalistic and artificial general wage increase which would surely follow on the heels of any higher new minimum."

Thomas O. Moore, spokesman for National Association of Manufacturers. Quoted in: "Eisenhower Urges Wage Law Spread," New York Times, April 27, 1955. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F40616F73E58107A93CAAB178FD85F418585F9>

"The real solution is to improve the real earnings of people and their ability to buy the things they want on the basis of increases in industry's productive efficiency, better products at lower costs and prices, and all the other techniques of genuine economic progress."

National Association of Manufacturers. Quoted in: "N.A.M. Attacks Spending Theory," New York Times, May 25, 1955. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F1071FF9355E1A7493C7AB178ED85F418585F9>

1956

"[Raising the minimum wage from \$1 to \$1.25 and later \$1.50] would saddle millions of small employers with regulations, bookkeeping and red tape."

Nation's Business, Magazine of US Chamber of Commerce, 1956

1961

"There is not enough mechanization or automation yet developed to save my business from the minimum wage horror. If minimum wage legislation is passed by Congress, you will be able to buy hotels cheap."

Ernest J. Kuhn, Manager, Hanford Hotel, Mason City. Nation's Business.

"There is reason to expect that the enactment of the Administration's minimum wage bill would have an adverse effect upon both our unemployment and balance-of-payments problems."

Hilton Davis, spokesman for U.S. Chamber of Commerce. Quoted in: "Wage Minimum Opposed," New York Times, February 16, 1961. Available at:

<http://query.nytimes.com/mem/archive/pdf?res=F70A12F63558147A93C4A81789D85F458685F9>

"You cannot take more money from a small business and give more to government and more to employees and increase our buying power... Also the inevitable price-level stimulation will absorb the employees extra take-home pay and send many retailers into the foreign market."

Remmie L. Arnold, factory owner. Quoted in: "A Small Business and the Minimum Wage Bill," New York Times, March 27, 1961. Available at:

<http://query.nytimes.com/mem/archive/pdf?res=F60F15FD385912738DDDA10A94DB405B818AF1D3>

"When an employer is faced with rates he cannot economically pay, he must reduce the load of those rates by raising prices, by laying off workers and substituting machinery, or else go out of business."

Robert T. Keeler, corporate lawyer. Quoted in: "Higher Wage Rate Opposed," New York Times, March 7, 1960. Available at:

<http://query.nytimes.com/mem/archive/pdf?res=F50A17FD355C16738DDDAE0894DB405B808AF1D3>

"If workers are underpaid, then their privilege to exercise their right of collective bargaining accorded under law should be put into effect."

Senator Allen J. Ellenden (D-LA), 1961. Quoted in: "Kennedy

Plan Opposed," New York Times, January 28, 1961. Available at:
<http://query.nytimes.com/mem/archive/pdf?res=FA0715FB34551B728DDDA00A94D9405B818AF1D3>
1966

"Frankly, no company our size can live under such circumstances. Undoubtedly we would have to liquidate, which is a distressing situation to confront a solvent company that has operated profitably for over 60 years. "

Joseph E. Chastain, owner of Lintz's 10 department stores in Texas and Oklahoma. "Will Congress Kill Main Street," Nation's Business, 1966.

"Many workers who are unemployable in other industries and are now gainfully employed on farms will lose their jobs because their wages are less than the new levels will require. These are mostly workers who are paid piece rates, and they will now be unable to earn enough to continue to be employed."

Charles B. Shuman, president of the American Farm Bureau Federation. Quoted in: Isadore Barmesh, "Price Rises Seen Result of Minimum Wage Increase," New York Times, October 3, 1966. Available at:
<http://query.nytimes.com/mem/archive/pdf?res=F20617F63C58117B93C1A9178BD95F428685F9>

1974

"The employer who is faced with this increase in minimum wage will treat it simply as another Federal tax and will merely shift it on to the consumer. This legislation will raise all prices across the board and, in the long run, those people whom we are talking about helping will suffer most through higher prices and increased taxes.

The American people are being literally taxed to death and enactment of the legislation before us can only hasten their demise. Such gimmicks as use tax, sales tax, or minimum wage increases no longer fool the people. A tax is a tax, regardless of what it is called, and the only true beneficiary will be government at all levels through increase tax revenues."

John Rarick (D-LA), Congressional Record, page H7328, March 20, 1974.

1975

"The consequences of minimum wage laws have been almost wholly bad, to increase unemployment and to increase poverty. In my opinion there is absolutely no positive objective achieved by minimum wages."

Milton Freidman. Quoted in: "The Open Mind," WPIX, Sunday, December 7, 1975. http://www.youtube.com/watch?v=ca8Z__o52sk
1977

"[I]f the minimum wage were increased to anywhere between the low of \$2.50 and the high of \$3.00, between 2 and 3.1 million jobs would be lost."

Robert T. Thompson, U.S Chamber of Commerce.

"The estimated impact of the proposed increases in the minimum wage from \$2.30 to \$3.15 in three steps through January 1980 would lead to a national 1,977,000 job loss, and a 4.1 percent increase in labor costs."

U.S. Chamber of Commerce. Quoted in: Thomas Rustici, "A Public Choice View of the Minimum Wage," Cato Journal 5: 1977. Available at: <http://www.cato.org/pubs/journal/cj5n1/cj5n1-6.pdf>.

"This should be called the Unemployment Act of 1977. Some economists have contended that it will cost more than 1.8 million people their jobs."

Representative John Rousselot (R-CA). Quoted in: "Congress Votes Minimum Wage Raise; It Would Aid 5 Million in January," New York Times, October 20, 1977. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F40B11FF3C5C167493C3AB178BD95F438785F9>

1979

"The increased minimum wage is a disaster to thousands of small husband-wife business whose owners are literally working themselves to death because they cannot afford the higher wage scale."

U.S. Chamber of Commerce. "Minimum Wage Hike Maximizes Problems," Nation's Business, Feb. 1979

1980

"The minimum wage has caused more misery and unemployment than anything since the Great Depression."

Ronald Reagan. Quoted in: "Nation: They've Got a Little List," Time Magazine, September 1, 1980. Available at: <http://www.time.com/time/magazine/article/0,9171,922113,00.html>

1987

"A total of 1.9 million jobs would be lost nationwide over the next eight years."

U.S. Chamber of Commerce. Quoted in: Nation's Business, Sept 1987.

1987

"If Congress were to ignore this evidence and raise the minimum wage to the extent proposed by Biaggi, between 400,000 and 1,200,000 Americans could be made jobless."

Bruce Bartlett. Quoted in: "How the Minimum Wage Destroys Jobs," Heritage Foundation, February 19, 1987. Available at: <http://www.heritage.org/Research/Reports/1987/02/How-the-Minimum-Wage-Destroys-Jobs>

1988

"In study after study, the minimum wage has been shown to be a job-killer."

"The minimum wage illusion," Colorado Springs Gazette editorial, September 20, 1988.

"A \$4.65 minimum wage is a much tougher constraint on a small town in Alabama with high unemployment than it is in New York City."

Edward Lazear. Quoted in: Michael Zuckoff, "New Minimum Wage Reopens Old Debate," Chicago Tribune, January 17, 1988. Available at: http://articles.chicagotribune.com/1988-01-17/business/8803230162_1_minimum-wage-coalition-minimum-wage-increase-fair-labor-standards-act/2

1989

"This would have severe adverse effects, and would mean as many as 700,000 job opportunities lost in the next three years and over a 1 percent increase in inflation."

Robert Martin, U.S. Chamber of Commerce.

"We say we're trying to help the working poor while we actually will be helping young part-time workers. There is one thing, however, upon which there is agreement. Economists from all persuasions agree that increasing the minimum wage will mean lost jobs and it will mean inflation."

Harris Fawell (R-IL), Congressional Record, Page E1719, May 16, 1989.

"The increase is expected to cost approximately 650,000 lost job opportunities."

Representative Tom Delay (R-TX), Congressional Record, 1989. Available at: <http://thomas.loc.gov/cgi-bin/query/D?r101:69:/temp/~r101jdhtgW>

1993

"No matter how you slice it, the minimum wage is a job-killer...The evidence is so clear that among serious economists the issue is not whether it reduces employment, but how much."

Thomas McClanahan. "Base pay hike too costly," Kansas City Star, August 20, 1993.

"You see a lot of stories that the economy is coming back but jobs aren't. Mandated benefits and high labor costs are at the heart of that. Employers are trying to find ways to deliver services and products with fewer workers."

Richard Berman. Quoted in: Sylvia Nasar, "High New Jersey Minimum Wage Doesn't Seem to Deter Fast-Food Hiring, Study Finds," New York Times, May 20, 1993. Available at: <http://www.nytimes.com/1993/05/20/nyregion/high-new-jersey-minimum-wage-doesn-t-seem-to-deter-fast-food-hiring-study-finds.html?src=pm>

"As if economic growth and job creation will not be dampened enough by the largest tax hike in American history, the Clinton administration also has in mind a host of mandates that will raise the cost of employing workers. The new family leave law was just a start. The administration also wants to jack up the minimum wage and index it to inflation....his over-all economic game plan almost certainly is a job killer."

Joseph Perkins, "Pork and Dreams: How not to create jobs", San Diego Union Tribune, March 26, 1993.

1995

"[Clinton's minimum wage hike is] a regressive and job-killing scheme which will put a big dent in small-business hiring."

Jack Farris, National Federation of Independent Businesses. Quoted in: Michael Remez and Andrew Julian, "Debate Begins About the Effects of Raising the Minimum Wage," Hartford Courant, February 4, 1995. Available at: http://articles.courant.com/1995-01-29/news/9501290120_1_minimum-wage-wage-inflation-welfare-system

"Recent evidence suggests that minimum wage hikes undermine the welfare-to-work transition... This suggests that President Clinton's proposal to raise the minimum wage undercuts his goal of ending welfare as we know it."

Richard Berman of the Employment Policies Institute. "Balancing the Budget Isn't Like Your Checkbook," New York Times, January 22, 1995. Available at: <http://www.nytimes.com/1995/01/22/opinion/1-balancing-the-budget-isn-t-like-your-checkbook-minimum-wage-434195.html?scp=5&sq=ric-hard+berman+minimum+wage&st=nyt>

1996

"Raising the minimum wage will take money out of the entrepreneur's pocket."

Robert Bobbitt Sr, vice-president of Pepsi-Cola in the Detroit area. Quoted in: Michael Winerip, "Minimum Wage? As One Man Finds, It's Really A Matter of Perspective," New York Times, May 10, 1996. Available at: <http://www.nytimes.com/1996/05/10/us/minimum-wage-as-one-man-finds-it-s-really-a-matter-of-perspective.html>

"It comes down to this basic premise, and it is one of fairness: Do we empower all in this country to achieve all they can achieve; or would we have Government, through capricious action, tell those who create jobs, 'No, you are not entitled to create any more jobs; no, we are going to say to you we are going to penalize you for trying to create job opportunities, and instead it will be the Government who decides who giveth and, of course, the Government who, obviously, taketh away,' with historic tax increases from this liberal side of the aisle and their liberal friends at the end of Pennsylvania Avenue."

Representative J.D. Hayworth (R-AZ), Congressional Record. Available at:

[http://thomas.loc.gov/cgi-bin/query/B?r104:@FIELD\(FLD003+h\)+@FIELD\(DDATE+19960522\)](http://thomas.loc.gov/cgi-bin/query/B?r104:@FIELD(FLD003+h)+@FIELD(DDATE+19960522))

1998

Jeremy Ross, manager of Ozzie's, a Lower Queen Anne diner, said if the minimum wage goes up, so will his prices. "If the minimum wage goes up with inflation, it also will cause inflation," Ross said. "It's like the Blob - it gets bigger and bigger."

Penhale, Ed. 1998. "Minimum Pay Scale a Volatile Vote Issue Would Hike State Hourly Rate in Stages." Seattle Post-Intelligencer. Septmeber 29. Page B-1.

2003

"The other West Coast states, with wage mandates far above the federal minimum, similarly have unemployment rates higher than the national average. Most economic models predict this outcome. The role of state governments in the cost of job creation should not be ignored."

Richard Berman of the Employment Policies Institute. "Recovery Without Jobs? No Way," New York Times, August 14, 2003. Available at: <http://www.nytimes.com/2003/08/15/opinion/1-recovery-without-jobs-no-way-913618.html?scp=12&sq=richard+berman+minimum+wage&st=nyt>

2004

"From our perspective, raising the minimum wage is a job killer."

David Mr. Brandon, chairman and CEO of Domino's Pizza. Quoted in Carol Hymowitz, "What Top Executives Would Tell Bush if they Visited the Oval Office," Wall Street Journal, November 16, 2004. Available at: <http://online.wsj.com/article/SB110056069554574762.html>

2006

"Restaurants are a low-margin business. A number of marginal operations which are more or less on the ragged edge right now might find this to be the straw that breaks the

camel's back, especially in northern Ohio where they've had a significant loss in manufacturing employment that's taken a lot of disposable income out of the economy."

Geoff Hetrick, president of the Ohio Restaurant Association. Quoted in: John M. Broder, "States Take Lead in Push to Raise the Minimum Wage," New York Times, January 2, 2006. Available at:

<http://www.nytimes.com/2006/01/02/national/02wage.html>

"The bill the Democrats sent to the governor would have indexed the minimum wage to the inflation rate, so that it would go up automatically along with the cost of living, beginning Jan. 1, 2008. That is unwise....placing future autopilot wage is fiscally unsound for California's economy."

Abel Maldonado (Republican state senator from California), "It's the Minimum Lawmakers Can Do..." Los Angeles Times, April 11, 2006. Available at: <http://articles.latimes.com/2006/apr/11/opinion/oe-maldonado11>

"Not only would there be a significant jump from the existing minimum wage, but the yearly increase tied to the consumer price index could cause serious problems for businesses that are in segments of the economy that are not doing well. Business revenues don't always keep up with inflation. Don't think that it's possible to get something for nothing. Vote no on prop 202."

From the Vote No on Proposition 202 (the "Minimum Wage" initiative) Facebook Fan page. 2006. <http://www.facebook.com/group.php?gid=2211896838>

2007

"They talk about the minimum wage increase. In fact, what they would do if they increased it in the way that they wanted to is to decrease the number of jobs on America and propose this unfunded mandate on American small businesses, which actually cuts the level of employment in our Nation. The Senate has recognized that, and they are working to try to correct the damage that the Democratic House has done."

Tom Price (R-GA), February 7, 2007: Republican Study Committee. Congressional Record, page H1324

"Mr. Speaker, I rise in opposition to the minimum wage increase. Not only is this legislation detrimental to small business growth and job creation, but it has been brought to the floor outside the normal committee review process without the ability to consider an alternative.

I have long stood against minimum wage hikes, which increase government interference in the labor market. Economists agree that when the cost of labor increases, it becomes more difficult for employers to hire new workers."

Wally Herger (R-CA), Congressional Record, page H265, January 10, 2007.

2008

"On Jan. 1, the state's minimum wage will rise 48 cents to \$8.55 an hour — a hike that the Washington Restaurant Association (WRA) said will be "crippling" to the industry."

Washington Restaurant Association. Quoted in: "Washington restaurant trade group fears minimum wage hike," Puget Sound Business Journal, October 2, 2008. Available at: <http://www.bizjournals.com/seattle/stories/2008/09/29/daily22.html>

2009

"Study after study has shown that this supposed benefit to the poor prices low-skilled workers out of entry-level jobs. It was unwise to keep raising the cost of hiring them in a recession. Economist David Neumark, co-author of a definitive book on minimum wages, said in a June Wall Street Journal op-ed that the July increase probably killed 300,000 jobs that would have otherwise gone to teenagers and young adults."

Charles Lane, staff writer and editorial board member of the Washington Post. Quoted in: "Charles Lane on Job Killers that Should be Killed," Washington Post, December 14, 2009. Available at: <http://www.washingtonpost.com/wp-dyn/content/article/2009/12/13/AR2009121302448.html?hpid=opinionsbox1>

2010

"We cannot legislate prosperity. When we increase minimum wages by legislative fiat, we kill jobs. Government creates nothing but what it has first taken away."

John Stossel, Fox Business. "The Minimum Wage Job Killer," Stossel Blog, April 30, 2010. Available at: <http://www.fox-business.com/on-air/stossel/blog/archive/2010/04/30/3650/#ixzz0vAkBDHuy>

2013

"In fact, the impact of minimum wage usually is that businesses hire less people... We have a lot of history to prove that the minimum wage, raising the minimum wage does not grow the middle class."

Sen. Marco Rubio, 2013. Benen, Steve, "Rubio Takes a Stand Against a Minimum Wage," Maddow Blog, February 16, 2013, available: http://maddowblog.msnbc.com/_news/2013/02/15/16974959-rubio-takes-a-stand-against-a-minimum-wage.

Claim: Raising the minimum wage harms the very workers it intends to help

1938

"To maintain production cycles, it probably [will] be necessary to discharge large numbers of workers past 50, and it would also be more difficult for young and inexperienced workers to find jobs."

J. O. Ball, spokesman for National Boot and Shoe Manufacturers Association. "Attacks Shoe Wage: Ball Says Minimum Would Cost Public 28,000,000 Yearly," New York Times, December 17, 1939. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F60E15FF385A177A93C5A81789D95F4D8385F9>

1955

"All that will happen if we pass this legislation, prices will go up. Inside of a year the man who gets a raise under it will be in the same relative position he is today. I think the people who are proposing these things don't know what they are talking about. It means economic chaos for the very people they are trying to help."

Senator Barry Goldwater (R-AZ). Quoted in: "Employers Fight Wage Act Change," New York Times, May 11, 1956. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F40612FF3D5F107A93C3A8178ED85F428585F9>

1965

"The meager net profit return presently 'enjoyed' by retailers will leave them little or no alternative but to pass the additional costs on the consumers in the form of higher prices."

James J. Bliss, counsel for the National Retail Merchants Association. Quoted in: Isadore Barmash, "The Merchant's Point of View," New York Times, August 22, 1965. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F50715FB3C5A157A93C0AB1783D85F418685F9>

1966

"An increase of \$0.25 per hour in the minimum wage would raise the unemployment rate for nonwhite teenagers by 8 percent."

Arthur Burns, former chairman of the Federal Reserve. Quoted in: "A Public Choice View of the Minimum Wage," Cato Journal 5: 1985. Available at: <http://www.cato.org/pubs/journal/cj5n1/cj5n1-6.pdf>

1970s

"The minimum wage law is most properly described as a law saying employers must discriminate against people with low skills....The law says 'here is a man who has a skill that would justify a wage rate of \$1.50-to-\$2.00 an hour. You may not employ him, it is illegal. If you employ him you have to pay him \$2.50....To employ him at \$2.50 is to engage in charity.... The consequences of minimum wage laws have been almost wholly bad, to increase unemployment and to increase poverty. In my opinion there is absolutely no positive objective achieved by minimum wages."

Milton Friedman, televised interview. Date and program unknown. Appears to be the 1970s. http://www.youtube.com/watch?v=ca8Z_o52sk

1973

How is a person better off unemployed at a dollar sixty an hour than employed at a dollar fifty? No hours a week at a dollar sixty comes to nothing. Let's suppose there's a teenager whom you as an employer would be perfectly willing to hire for a dollar fifty an hour. But the law says, no, it's illegal for you to hire him at a dollar fifty an hour. You must hire him at a dollar sixty. Now, if you hire him at a dollar sixty, you're really engaging in an act of charity. You're paying a dollar fifty for his services and you're giving him a gift of 10 cents. That's something few employers, quite naturally, are willing to do or can afford to do without being put out of business by less generous competitors. As a result, the effect of a minimum-wage law is to produce unemployment among people with low skills. And who are the people with low skills? In the main, they tend to be teenagers and blacks, and women who have no special skills or have been out of the labor force and are coming back. This is why there are abnormally high unemployment rates among these groups.

Milton Friedman, in a 1973 interview in Playboy magazine. Quoted in: Geoffrey Norman, "The Playboy Interview: Milton Friedman" February 1973, Vol. 20, Iss. 2, pg. 51-68+74. I've often said the minimum-wage rate is the most anti-Negro law on the books.

Milton Friedman, in a 1973 interview in Playboy magazine. Quoted in: Geoffrey Norman, "The Playboy Interview: Milton Friedman" February 1973, Vol. 20, Iss. 2, pg. 51-68+74.

1977

"Under these inflationary pressures many of the industries and small businesses employing marginally trained or unskilled workers will be forced to cut back on the number of those employees or go out of business. The very worker

that the Federal minimum wage was intended to aid will find himself out of work."

Mickey Edwards (R-OK), Congressional Record, page H12268, April 26, 1977.

"We need to be realistic and understand minimum wage for what it really is: a limitation upon marginal workers to obtain employment of their own choosing, and a mechanism which serves to inhibit the upward mobility of those who have been fortunate enough to secure employment. Is this really what the proponents of minimum wage have in mind when they decry the evils of pricing and laud the supposed benefits of their program?"

Robert Badham (R-CA), Congressional Record, page H12270, April 26, 1977.

"It would appear that over a million essentially teenagers and minorities would be unemployed if this were to occur."

Jack W. Carlson, spokesman for U.S. Chamber of Commerce. Quoted in: "Chamber's View," New York Times, March 27, 1977. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F70D1FFD3C5A107B93C5AB1788D85F438785F9>

"I am vitally concerned about the thousands of teenagers and young adults who will either lose their jobs or be rendered unemployable in the unskilled labor markets as the result of increasing the minimum wage to \$2.50 or more per hour."

Eldon Rudd (R-AZ), Congressional Record, page H12268, April 26, 1977.

"Youth unemployment and black unemployment will drastically rise. It's amazing to me that some black leaders want an increase in the minimum wage."

Senator Orrin Hatch (R-UT). Quoted in: Irvin Molotsky, "Minimum Wage Bill Stalled in Senate," New York Times, September 23, 1988. <http://www.nytimes.com/1988/09/23/us/minimum-wage-bill-stalled-in-senate.html?scp=9&sq=%22minimum+wage%22+opposed&st=nyt>

1989

"The minimum wage law has also been harmful, despite good intentions, by pricing out of the market the least-skilled members of the work force. Because of inferior educational opportunities and other reasons, minority youth are disproportionately harmed by the minimum wage law."

Dilorenzo, Professor of Economics at the University of Tennessee. "Supreme Court Should Protect Economic and Civil Liberties," New York Times, October 14, 1990. Available at: <http://www.nytimes.com/1990/10/14/opinion/l-supreme>

court-should-protect-economic-and-civil-liberties-239790.htm
l?scp=99&sq=%22minimum+wage%22+rise&st=nyt
"When the minimum wage goes up, the very people we say
we want to help - the young, the unskilled, the disadvantaged
- are the first people to get laid off."

Representative William Goodling (R-PA) Quoted in: Susan
Rasky, "House, Defying Threat of a Veto, Back Increase in
Minimum Wage," March 24, 1989.
<http://www.nytimes.com/1989/03/24/us/house-defying-threat-of-a-veto-backs-increase-in-minimum-wage.html?scp=1&sq=&pagewanted=2>

"When we pass minimum wage legislation it says one thing,
Mr. Speaker: It says to the young black in the inner city, it
says to the handicapped individual, it says to the young
person looking for a first time job, unless you can meet a
minimum standard, we will pass a law that says it is a viola-
tion of the Federal statute to hire such a person.

Bob McEwen (R-OH), Congressional Record, page H7765,
October 31, 1989.

"Unemployment in our country is just over 5 percent, the
lowest it has been in 15 years. But leave it to Congress to
try and stop the current economic expansion by mandat-
ing a wage increase to \$4.55 an hour. An increase of this
magnitude will destroy thousands of job opportunities for the
young, the low-skilled, and the disadvantaged. In addition,
raising the minimum wage will adversely affect small busi-
nesses, which create 70 percent of all new jobs."

Cass Ballenger (R-NC), Congressional Record, page H1984,
May 17, 1989.

"Work is what low-income people really need, and what they
deserve from our society. We ought not force them off the
work rolls and on the welfare rolls as a result of raising the
minimum wage.

The last thing poor people need in this country is to have
inflation rising up so that their minimum incomes are cut for
the basic necessities of life as a result of inflation, and mini-
mum wage laws raise inflation rates substantially. So what it
does is cut the income of the poor noticeably."

Robert Walker (R-PA), Congressional Record, page H2531,
June 14, 1989.

Mr. Speaker, we can calculate to a certainty the number of
people that we will unemploy by raising the minimum wage to
various levels. At \$4.50, at \$5, at \$6, hundreds of thousands
of people are denied access to the job market. Minimum
wage laws create unemployment. That is a mean, vicious
thing to do."

Bob McEwen (R-OH), Congressional Record, page H7765,
October 31, 1989.

"Youth unemployment is three times the overall unemploy-
ment rate, and for minority youth it is much, much higher. Let
us not make the problem worse by enacting a minimum wage
which denies young people jobs."

Arthur Ravenel (R-SC), Congressional Record, page H1986,
May 17, 1989.

1993

"Even the most mossback proposal of all, to raise the
minimum wage, has also been hinted at by his staff. If this
happens, it will make the family leave effects look like the
Reagan boom. No legal mechanism has been so extensively
studied as the job effects of the minimum wage. Every study
not financed by organized labor finds that the higher the
minimum, the more unemployment....it "only" mainly hurts
the workers at the very bottom of the wage scale. Professor
Richard Vedder estimates that the job loss under George
Bush from minimum wage increases may have been more
important in causing the prolonged sluggishness in the
economy than any other single effect."

Donald Devine, "Extinct political species; 'New' bird vanish-
es," The Washington Times, February 23, 1993.

1995

"Increases in minimum wages may further disadvantage
these women (on welfare) if employers are more likely to
select teenagers possessing a high school diploma."

Brandon, Peter, "Jobs Taken by Mothers Moving from Welfare
to Work and the Effects of Minimum Wages on this Transi-
tion," The Employment Policies Institute, 1995. Available at:
http://www.epionline.org/study_detail.cfm?sid=61#

"As employers substitute toward these higher-skilled teenag-
ers, lower-skilled teenagers...are displaced from the labor
market...and are more likely to end neither enrolled in school
nor employed."

Neumark, David, "Effects of Minimum Wages on Teen
Employment, Enrollment and Idleness," The Employment
Policies Institute, 1995. Available at: <http://www.nber.org/papers/w5092.v5.pdf>

1996

"I think you'll start seeing the movement from welfare to
work will slow down," he said. "You're now digging deeper
into the welfare ranks to people who have fewer skills, yet
what we're doing now is increasing the price people have to
pay for them."

Jeffrey H. Joseph, spokesman for U.S. Chamber of Com-
merce. Quoted in: "In Labor Day Bonus, U.S. Raises Minimum
Wage," New York Times, September 1, 1997. Available at:
<http://www.nytimes.com/1997/09/01/us/in-labor-day-bonus-us-raises-minimum-wage.html>

"An increase in the minimum wage will harm the poor. Increasing the minimum wage must result in workers being laid off and fewer job opportunities. It is just a matter of how many jobs will be lost. Assuming no job losses is equivalent to assuming a perfectly inelastic demand for unskilled labor, which clearly is not the case. Those that wish to increase the minimum wage assume that a majority of the Congress with the approval of the President may decide that those who lose their jobs, or are denied their first job, must suffer this in order to make others better off."

Nick Smith (R-MI), Congressional Record, page H3790, April 24, 1996.

"Once again, we hear the cries to raise the minimum wage. The rhetoric is familiar; 'the minimum wage isn't a living wage,' and 'we need to ensure that work pays.' However, raising the minimum wage is a misguided passion. All the valid research shows that raising the minimum wage destroys jobs. It hurts exactly those workers it intends to help—the poor, the unskilled, and the young. Everyone wants to see income growth boost the economic well-being of the working poor, but throwing many of them out of work is not the solution."

Jim Saxton (R-NJ), Congressional Record, page E918, May 24, 1996.

1997

"Minimum wage laws may very well be the most anti-poor laws envisioned by modern government policymakers."

Michael D. LaFaive, Mackinac Center for Public Policy

"In light of the recent jump in the minimum wage to \$5.15 an hour, employers not only are forced to pay more for entry-level workers, but they are also compelled to seek higher-quality workers. The result only worsens the prospects of low-skilled adults struggling to move off welfare."

Richard Berman of the Employment Policies Institute in 1997.

1998

"When we raise the minimum wage," Mr. Jeffords argued, "we make it more difficult for these businesses to justify hiring inexperienced, unskilled and untrained workers."

Senator James M. Jeffords (R-VT), 1998.

<http://www.nytimes.com/1998/09/23/us/senate-votes-down-a-higher-minimum-wage-citing-squeeze.html>

1999

"The problem is raising the minimum wage actually hurts, not helps, low-income workers. Minimum wage laws make it illegal to have a job that pays below the government mandated limit. If that wage is more than a job provider will pay for a certain job, then no worker can get—or keep—that job."

Catherine Martin, "Harmful Employment Laws Wage War on Low-Income Workers," Mackinac Center for Public Policy, March 1, 1999. Available at: <http://www.mackinac.org/article.aspx?ID=1719>

"Minimum wage increases that even approach an average livable wage would result in significantly fewer jobs for low-wage workers. A substantial increase in the relative cost of labor will result in a reduction in the amount of labor used..."

Kavet, Thomas, Deborah Brighton, Douglas Hoffer, and Elaine McCrate. "Act 21 Research and Analysis In Support of the Livable Income Study Committee." Vermont State Legislature, 2 Nov, 1999. Available at: <http://www.leg.state.vt.us/jfo/Reports/1999%20Livable%20Income%20Study.pdf>

"The minimum wage reduces education and training and increases long-term unemployment for low-skilled adults. Neumark and Wascher found that higher minimum wages cause employers to reduce on-the-job training. They also found that they encourage more teen-agers to drop out of school, lured into the labor force by wages that seem high to them. These teen-agers often displace low-skilled adults, who frequently become semi-permanently unemployed. Lacking skills and education, these teen-agers pay a price for the minimum wage in the form of lower incomes over their entire lifetime.

Bruce Bartlett, "Minimum Wage Teen-age Job Killer," National Center for Policy Analysis, May 20, 1999. Available at: <http://www.ncpa.org/pub/ba292>

2000

"Research shows that after a wage increase, and given price-sensitive consumers, employers seek applicants who have better skills and make fewer mistakes. One study found that teenagers and students, who are perceived as having better skills, crowd out low-skilled adults after such an increase."

Thomas K. Dilworth, "\$1 More for Middle Class," New York Times, March 20, 2000. Available at: <http://www.nytimes.com/2000/03/20/opinion/l-1-more-for-middle-class-338052.html>

2001

"Studies have found that increases in the minimum wage encourage some teenagers to drop out of school earlier than they otherwise would."

N. Gregory Mankiw, "The Cost of a 'Living Wage': We can't ignore law of supply and demand," The Boston Globe, June 24, 2001. Available at: http://www.economics.harvard.edu/files/faculty/40_bglobe-june01.html

2003

"[T]he evidence from standard minimum wages indicates that minimum wage hikes fail to accomplish their principal policy goal of raising incomes of poor or low-income families."

David Neumark and Scott Adams. "Do Living Wage Ordinances Reduce Urban Poverty?" *Journal of Human Resources* 38: 490-521. Retrieved on Jan 11, 2008 (<http://www.nber.org/papers/w7606>).

"If raising the minimum wage to \$12 or \$15 per hour will raise the standard of living for the working poor, why stop there? Why not raise the standard of living for the middle class as well by increasing the minimum wage to, say, \$25 an hour? If we raised it to \$100 an hour, we could have the best standard of living in history!"

Adam Summers, 'Living Wage Law Isn't Answer for CA: Laws Defy Basic Economics and Hurt Intended Beneficiaries.' *Orange County Register*, Aug 18, 2001. Available at: (http://www.reason.org/commentaries/summers_20030818.shtml).

2005

"Any way you slice it, increasing the minimum wage in Michigan... is likely to make it more difficult for the working poor to find jobs. ...those who most need the work will have a harder time finding it."

Paul Kersey, "The Minimum Wage Is Hardest on the Poor," *Mackinac Center for Public Policy*, Aug 29, 2005. Available at: <http://www.mackinac.org/article.aspx?ID=7324>

2006

"The truth is that if your labor is worth \$6.75 an hour and the minimum wage is raised to \$7.75, you simply become unemployable. The first rung of the ladder is gone, and there's no place to start....This legislation is the ultimate expression of the cruelest of all human lies: 'I'm from the government, and I'm here to help.'"

Tom McClintock, Republican state senator for California's 19th District in the California Legislature. "The MOST Important Thing For Any Person Trying To..." *Los Angeles Times*, April 11, 2006. Available at: <http://articles.latimes.com/2006/apr/11/news/OE-MCCLINTOCK11>

"In addition to the many negative effects of raising the minimum wage—such as lower levels of employment, higher drop-out rates for high school students, and a long-term reduction in wages—an increase in the minimum has been shown to reduce benefits in some states among those most in need."

Rea S. Hederman, Jr. and Sam Hyman, "Low-Income Workers May Be Worse Off if Congress Increases the Minimum

Wage," *Heritage Foundation*, August 3, 2006. Available at: (<http://www.heritage.org/Research/Economy/wm1187.cfm>).

"Minimum wage-earners' average family income is almost \$50,000 per year. Very few are single parents working full-time to support their families—no more than in the population as a whole. It is not surprising, then, that studies show that higher minimum wages do not reduce poverty rates."

Rea S. Hederman Jr. and James Sherk. "Who Earns the Minimum Wage—Single Parents or Suburban Teenagers?" *Heritage Foundation*, Aug 3, 2006. Available at: <http://www.heritage.org/Research/Economy/wm1186.cfm>

2007

"Raising the minimum wage to \$7.25 imposes a 41-percent increase in labor costs for a small employer with minimum wage workers."

Representative Mike Enzi (R-WY), *Congressional Record*, 2007. Available at: http://books.google.com/books?id=DaFQ_F0bdnYC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false

Raising the minimum wage doesn't efficiently target the poor. Only one in five minimum wage workers live in households at or below the poverty line.

Representative Lamar Alexander (R-TN), *Congressional Record*, 2007. http://books.google.com/books?id=DaFQ_F0bdnYC&printsec=frontcover&source=gbs_ge_summary_r&cad=0#v=onepage&q&f=false

"How much do you think the average New York household with one minimum wage worker earns per year? \$10,000? \$15,000? \$20,000? Wrong, wrong and wrong. It's \$53,370 a year."

Jill Jenkins, economist for the Employment Policies Institute. "A Raise Won't End Poverty," *New York Times*, July 1, 2007. Available at:

<http://www.nytimes.com/2007/07/01/opinion/nyregionopinions/01WEjenkins.html>

2009

"Under-employment among young black males and low earnings among older black males are perennial problems explained in part by the minimum wage."

Art Carden, Adjunct Fellow, Independent Institute. Carden, Art, "Repeal the Minimum Wage," *Forbes*, October 16, 2009, available at: <http://www.forbes.com/2009/10/16/minimum-wage-labor-economics-opinions-contributors-art-carden.html>.

"The minimum wage is kinda like a sacred cow in Washington, with many lawmakers thinking it's a win/win for low-skill workers. What if those good intentions backfired on the very people they were supposed to help? One school of thought says lowering the minimum wage will actually create more jobs"

FOX news anchor, December 15, 2009. Video available at: <http://thinkprogress.org/2009/12/15/fox-min-wage/>

2010

"A closer look at the unemployment [nearly 10 percent unemployment rate] suggests that minimum wage laws also deserve a big share of the blame....businesses are not charities and that they only create jobs when they think a worker will generate net revenue. Higher minimum wages, needless to say, are especially destructive for people with poor work skills and limited work experience. This is why young people and minorities tend to suffer most - which is exactly what we see in the government data, with the teenage unemployment rates now at an astounding (and depressing) 26 percent level and blacks suffering from a joblessness rate of more than 15 percent."

Daniel Mitchell, senior fellow at the Cato Institute. "Minimum Wage Hike Deserves Share of the Blame for High Unemployment," Cato @ Liberty Blog, June 15, 2010. Available at: <http://www.cato-at-liberty.org/minimum-wage-hikes-deserve-share-of-blame-for-high-unemployment/>

2011

"[Repealing the minimum wage] would help the poor people who need jobs. Minimum wage is a mandate. We're against mandates so why should we have it? It would be very beneficial."

Rep. Ron Paul (R-TX), Presidential Candidate. "Minimum Wage Haters: 11 People Who Have Spoken Out Against the Law," Huffington Post, February 18, 2013, available at: http://www.huffingtonpost.com/2013/02/18/minimum-wage-haters_n_2697384.html?ir=Business.

2012

"The NAACP supports minimum wage laws that study after study show disproportionately harm black workers, particularly younger black workers... Example after example after example, the NAACP shows itself to be more interested in promoting Democratic causes than necessarily supporting the interests of blacks."

Jason Riley, Wall Street Journal Editorial Board. Frances Martel, "FOX News Guest NAACP Supports Minimum Wage Laws that 'Disproportionately Harm Black Workers'," Mediaite, May 26, 2012, available at: <http://www.mediaite.com/>

tv/fox-news-guest-naACP-supports-minimum-wage-laws-that-disproportionately-harm-black-workers.

2013:

"Look, I wish we could just pass a law saying everybody should make more money without any adverse consequences. The problem is you're costing jobs from those who are just trying to get entry level job."

Rep. Paul Ryan (R-WI). Garofalo, Pat, "Top Republicans Oppose Obama's Call to Raise the Minimum Wage," Think Progress, February 13, 2013, available at: <http://thinkprogress.org/economy/2013/02/13/1587381/top-republicans-oppose-minimum-wage>.

Claim: Raising the minimum wage violates America's commitment to Freedom

1923

"No greater calamity could befall the wage earners of the country than to have the legislative power to fix wages upheld. Take from the citizen the right to freely contract and sell his labor for the highest wage which his individual skill and efficiency will command, and the laborer would be reduced to an automaton - a mere create of the state. It will logically, if persisted in, end in social disorder and revolution."

DC District Court Justice Van Orsdel opinion that declared the Washington D.C. minimum wage law. Quoted in: Alice Kessler-Harris, *A Women's Wage: Historical Meanings and Social Consequences*, (Lexington: University Press of Kentucky: 1991), 50.

"This would be communism with a vengeance"
Ben W. Hooper, "The Fantasy of the Living Wage," *Nation's Business*, June 1923, pg. 16

"Another fact established by human experience is that a man performing common labor cannot expect to obtain directly from his daily wage all the comforts and conveniences of life."

Ben W. Hooper, "The Fantasy of the Living Wage," *Nation's Business*, June 1923, pg. 16

1937

"[The Fair Labor Standards Act] constitutes a step in the direction of communism, bolshevism, fascism, and Nazism."

The National Association of Manufacturers, quoted in: TNR Staff, "Women's Suffrage and Other Visions of Right-Wing Apocalypse," The New Republic website, 21 December 2011. Available at: <http://www.tnr.com/article/womens-suffrage-and-other-visions-right-wing-apocalypse?page=0,1>

1938

"[The Fair Labor Standards Act] will destroy small industry.... [these ideas are] the product of those whose thinking is rooted in an alien philosophy and who are bent upon the destruction of our whole constitutional system and the setting up of a red-labor communistic despotism upon the ruins of our Christian civilization."

Congressman Edward Cox (D-GA), Congressional Record

"The enactment of the [Fair Labor Standards Act], supplementing the National Labor Relations Act, would result in a wave of organization by the C. I. O. throughout the country and particularly in the South. The well-known and undenied communistic leadership of the C. I. O. in its field operations would be given an open field to spread communistic doctrines throughout the South and other parts of the country, and the labor and social unrest that would necessarily and inevitably result would change for the worse the whole industrial and social atmosphere of these regions."

Congressman Edward Cox (D-GA), Congressional Record, May 24, 1938.

"They include the probability that Federal wage-fixing and price fixing together will lead to compulsory arbitration in labor relations — not voluntarily but by sheer force of necessity as we are driven closer and ever closer to the centralized authoritarian State, with its tyranny of oppressive government-blessed monopolies."

Senator Arthur Vandenberg (R-MI), Quoted in: "Vandenberg Fears 'Fascist' Wage Bill," New York Times, June 5, 1938. Available at: <http://query.nytimes.com/mem/archive/pdf?res=F30F14FE3C5D12738DDDAF0894DE405B878FF1D3>.

1960

"The fact of the matter is the Federal wage and hour law is one of the most vicious, antidemocratic pieces of legislation that has ever been perpetrated on the American public."

Lewis Manufacturing Co., Klamath Falls, OR, Letter to the President of the National Federation of Independent Busi-

nesses from federation member, February 24, 1960.
1977

"The question of the minimum wage goes beyond the immediate problem. It strikes at a basic underpinning of our democratic system. It touches on the ability of individuals to enter freely into contact without coercion and without arbitrary restrictions for mutual profit. Have we so soon forgotten that the American Revolution was fought in part because of such restrictions? Have we forgotten that there is a correlation between a free market economy and the amount of personal freedom enjoyed by the inhabitants of a country? I certainly hope not. What we are accomplishing by setting a minimum wage is restricting the ability of persons to freely contract for their services and, in so doing, effectively limiting their opportunities to achieve economic well-being."

Tom Hagedorn (R-MN), Congressional Record, page H12271, April 26, 1977.

1988

"America's competitive position could be jeopardized by the minimum wage bill."

Richard Berman, chairman of the Minimum Wage Coalition to Save Jobs. Quoted in: Hilary Stout, "The Economics of the Minimum Wage: Propping Up Payments at the Bottom," New York Times, January 24, 1988. Available at: <http://www.nytimes.com/1988/01/24/business/the-economics-of-the-minimum-wage-propping-up-payments-at-the-bottom.html>

1993

"The creeping socialism begins at the \$5.05 level."

Eric Mund, Mega Management Corporation, a New Jersey Burger King franchise. Quoted in: Sylvia Nasar, "High New Jersey Minimum Wage Doesn't Seem to Deter Fast-Food Hiring, New Study Finds," New York Times, May 20, 1993. Available at: <http://www.nytimes.com/1993/05/20/nyregion/high-new-jersey-minimum-wage-doesn-t-seem-to-deter-fast-food-hiring-study-finds.html>

1996

"Mr. Speaker, today the Democrats say goodbye to 500,000 jobs, according to the Federal Reserve, which is what the impact of increasing the minimum wage will be. That is no problem, though, because most of those folks will get on public benefits, which is exactly where the Democrats want them, right under the thumb of the Government so they can create dependency on the Government."

Representative Jack Kingston (R-GA), Congressional Record, 1996. Available at:

[http://thomas.loc.gov/cgi-bin/query/B?r104:@FIELD\(FLD003+h\)+@FIELD\(DDATE+19960522\)](http://thomas.loc.gov/cgi-bin/query/B?r104:@FIELD(FLD003+h)+@FIELD(DDATE+19960522))

1997

"Slowly but surely, they're taking away your liberty to mutually make employment decisions. I dare say that's socialism. It's government paternalism at its worst."

Mark Wilson, Heritage Foundation. Quoted in: Peter T. Kilborn, "A Minimum-Impact Minimum Wage," New York Times, April 6, 1997. Available at: <http://www.nytimes.com/1997/04/06/weekinreview/a-minimal-impact-minimum-wage.html>

2007

"Mr. Speaker, in America, we can either have maximum opportunity or we can have minimum wages. We cannot have both. In the land of the free, in a Nation as great as ours, how can we deny people their maximum opportunity, their opportunity to secure the American Dream?"

Well, apparently, our Democrat colleagues can, because, for thousands, they will now replace the American Dream of boundless career opportunities instead with the nightmare of welfare dependence."

"Now, what is the effect of this law? Indeed, I admit, some will have a mandated pay raise in America. Those will be the lucky ones. Many more will have their hours cut, Mr. Speaker. Many will have their benefits cut due to this law, and many will lose their jobs. And again, thousands, thousands will be denied that opportunity to climb on that first rung of the economic ladder in America and, instead, be condemned to a life of poverty. This should not happen in America."

Jeb Hensarling (R-TX), Speaking to the House of Representatives on January 10, 2007: Fair Minimum Wage Act of 2007. Congressional Record, page H264.

CITATIONS

- ¹ "History of Federal Minimum Wage Rates Under the Fair Labor Standards Act, 1938 - 2009," Wage and Hour Division, Department of Labor, available at: <http://www.dol.gov/whd/minwage/chart.htm>
- ² "Minimum Wage Laws in the States - January 1, 2013," Wage and Hour Division, Department of Labor, available at: <http://www.dol.gov/whd/minwage/america.htm>
- ³ A large body of research shows that raising the minimum wage is an effective way to boost the incomes of low-paid workers without reducing employment. A groundbreaking 1994 study by David Card and Alan Krueger, current chair of the White House Council of Economic Advisers, found that an increase in New Jersey's minimum wage did not reduce employment among fast-food restaurants (Card, David and Alan Krueger, "Minimum Wages and Employment: A Case Study of the Fast Food Industry in New Jersey and Pennsylvania," *American Economic Review* 84 (1994): 772-793). These findings have been confirmed by 15 years of economic research, including a 2010 study that analyzed data from more than 500 counties and found that minimum wage increases did not cost jobs (Dube, Arindrajit, T. William Lester, and Michael Reich, "Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties," *Review of Economics and Statistics* 92 (2010): 945-964). Another recent study published in April 2011 found that even during times of high unemployment, minimum wage increases did not lead to job loss (Allegretto, Sylvia A., Arindrajit Dube, and Michael Reich, "Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data," *Industrial Relations* 50 (2011): 205-240).
- ⁴ Lake, Celinda, Daniel Gotoff, and Alex Dunn, "Public Support for Raising the Minimum Wage," Lake Research Partners, February 2012, available at: http://nelp.3cdn.net/0be1c6315f2430afa6_arm6bq9wu.pdf.
"Broad, Strong Support for Raising the Minimum Wage and Indexing to the Cost of Living," Public Religion Research Institute, October 2012, available at: http://nelp.3cdn.net/ed7858ccb0d068a3f6_nwm6bnjbj.pdf.
Dimock, Michael, "Maximum Support for Raising the Minimum," Pew Research Center for the People and the Press, April 2006, available at: <http://www.pewresearch.org/files/old-assets/obdeck/pdf/18.pdf>.
- ⁵ Schmitt, John and Janelle Jones, "Where Have All the Good Jobs Gone?" Center for Economic and Policy Research, July 2012, available at: <http://www.cepr.net/documents/publications/good-jobs-2012-07.pdf>
- ⁶ Schmitt, John and Marie-Eve Augier, "Affording Health Care and Education on the Minimum Wage," Center for Economic and Policy Research, March 2012, available at: <http://www.cepr.net/index.php/blogs/cepr-blog/blog-post-health-and-education-on-the-minimum-wage>

Why Pasadena Needs a Minimum Wage



Report prepared by Mark H. Maier for Pasadenans for a Livable Wage. January 2015.
Contact: markhenrymaier@gmail.com

Testimonial from a Pasadena worker and resident, January 16, 2015

I'm a hotel housekeeper at a hotel in Pasadena. I've lived in Pasadena since 2008 with my 10 year old son. I spend all day cleaning hotel rooms. The work is really is hard. There is a lot of pressure to move fast and lifting the beds and getting everything done is really, really hard. The management continually adds new details to the room. I try to do the cleaning well, but which is it: quality or quantity? I try to do both, but it's impossible. There used to be more people on staff to get things done like cleaning the windows. Now it's just us.

My pay is not enough to support my son and myself and I work 40 hours per week. I live paycheck to paycheck. Pasadena is expensive! So I have a second job cleaning houses and apartments on my days off or after work. But sometimes the schedule at the hotel changes, and I have to cancel clients. I try to get at least 20 hours cleaning houses, but it's exhausting. I start working at 6:30am, and come home late in the day. Sometimes I see the older housekeepers, and I see how tired they are. It's so much harder for them. And I wonder, will this be me?

Why Pasadena needs a minimum wage - summary

Pasadena's has a substantial low-wage workforce

- Many Pasadena residents earn low wages: 22,000 individuals, 32% of residents in the labor force -- earn less than \$15 per hour. Most of these low-wage earners work full-time and all year around
- Many Pasadena-based workers earn low wages: an estimated 15,000 individuals, about 15% of all those who work in Pasadena -- earn less than \$15 per hour
- Most low-wage earners work in retail, restaurants, education and health care

Pasadena's minimum wage workers don't get by

- Pasadena's official poverty rate is over 16%, higher than the national level
- Over one-quarter of Pasadena renters spend more than 50% of income on rent
- Getting by is getting harder: in 2013 one-fifth of Pasadena households had incomes below \$25,000 per year, more than in 2007.

Pasadena needs an expanded minimum wage ordinance for all workers with a path to \$15 per hour with a COLA built in

- \$15.00 will bring households *closer* to the \$23.00 per hour needed for a minimum standard of living for a family of four in Pasadena
- Businesses will benefit from lower employee turnover and increased spending by families who live here and buy locally.

Will it cost jobs? Repeated economic studies show that a higher minimum wages has no significant effect on jobs. Businesses are able to adjust to a minimum wage that applies to all employers. In many cases employers benefit from steadier more productive employees.

Will it help the economy? A \$15 per hour minimum wage will inject over \$150 million into the Pasadena economy, creating over 1000 new jobs.

Will it cause businesses to move? Nearly all Pasadena low-wage jobs are in retail, restaurants, hotels, education and health care, businesses than will stay in Pasadena.

Will it raise prices? Some businesses, particularly restaurants that have high labor costs, may raise prices—but only slightly. Studies show that the typical hamburger would rise by only 10 to 30 cents based on this proposal

Don't we *also* need a higher regional, State or national minimum wage? Of course. Other California cities have already raised their minimum wage. We should follow the lead of San Francisco, San Jose, Berkeley, Richmond, Oakland, San Diego, and likely Los Angeles while pressing for regional, statewide and national increases.

Minimum wage reform is sweeping the nation

The minimum wage varies dramatically across the United States. At \$9 per hour the California minimum wage is higher than the national \$7.25 minimum wage. And some California cities have done even better (see table below). However, compared to other industrialized countries, the U.S. is far behind the minimum wage in the United Kingdom (\$10), Germany (\$11), France (\$12), and Australia (\$17).

Congress passed the first federal minimum wage law (\$.25/hour) in 1938. However, unlike Social Security and some military pay, the federal minimum wage is not automatically adjusted for inflation. As a result, the minimum wage has lost buying power. The minimum wage in 1968 of \$1.60, adjusted for inflation, would be over \$10 today. If the minimum wage kept up with rising US productivity--as it did prior to 1970-- workers today would receive well over \$20 per hour. Prices have risen faster than the minimum wage. As a result, minimum wage workers have seen their standard of living decline by 40%.

Minimum wage in the U.S., California, selected cities and adjusted for inflation and productivity

Minimum wage		
U.S.	\$7.25	Set in 2009
U.S. for tipped workers	\$2.13	Applies in 19 states, not California
California	\$9.00	To go to \$10 in 2016
San Francisco	\$12.25	To go to \$15 in 2018
San Jose, Sunnyvale, Mountain View	\$10.30	
Oakland	\$12.25	Begins March 2015
Richmond	\$9.60	To go to \$12.30 in 2017
Berkeley	\$10.00	To go to \$12.53 in 2016
Inflation adjusted	\$10.86	If 1968 minimum wage kept up with inflation
Productivity and inflation adjusted	\$21.72	If 2012 minimum wage kept up with productivity and inflation since 1968

Low wages in Pasadena

The low minimum wage contributes to rising inequality. Nationally, the share of income going to the poorest 20% of U.S. households fell from 4.3% in 1976 to 3.2% of all income in 2013. At the same time the well-to-do have increased their share of income. The top 5% of US households gained 22.2% of all income in 2013, up from 16.6% in 1976. Wealth is far more unequal: the top 10% of households garner over 75% of the country's wealth and the top 1/1000 have over 20% of the wealth, triple the percentage in the 1970s.

In Pasadena, inequality is even greater. While the richest 5% of Pasadena households -- those with household incomes above about \$300,000--receive 22.96% of all income. In contrast, the poorest one-fifth -- those with incomes below \$30,000 -- have only 2.39% of all residents' income. That is the second lowest level of all California cities.

Incomes shares of the top and bottom in U.S. and Pasadena

Income share	U.S.	Pasadena
Top 5%	22.2%	22.96%
Bottom 20%	3.2%	2.39%

Source: U.S. Census, American Community Survey 2012

Over 22,000 of the nearly 70,000 employed Pasadena residents earn less than \$15 per hour. These low-wage workers are not teenagers employed over the summer: 80% of the low-wage earners work year-round and 62% work full-time and year-round.

Pasadena residents making less than \$15 per hour work in many different sectors of the economy, but they are concentrated in a few industries. Retail trade is the largest low-wage employer with more than 3,000 workers. In other words, more than one-half of the retail labor force earning less than \$15 per hour. In food and drink services, over 70% of the workforce, about 2,500 Pasadenans, earns less than \$15 per hour. Health care and education also have significant number of low wage workers who earn under \$15 per hour.

Pasadena low wage residents by sector of work

	Pasadena residents earning less than \$15/hour	
Total with at least \$500 annual income	22,515	32% of working residents
Full-time, full-year workers	11,857	62% of low-wage residents
Full-year workers (part-time and full-time)	15,597	82% of low-wage residents
Retail trade including food and beverage stores)	3,129	55% of workers in this industry
Food services and drinking places	2,597	71% of workers in this industry
Education	3,125	28% of workers in this industry
Health care	2,301	30% of workers in this industry

Source: U.S. Census Bureau, American Community Survey and Los Angeles Economic Roundtable

These data are for all people who live in Pasadena, but don't necessarily work here.

Data on those who work in Pasadena -- but may or may not live here -- are available only for 2007 (data for 2012 have not been released.) There are more than 100,000 people working for businesses in Pasadena at which employees earn an average over \$57,000 a year. But that figure can be very misleading. The harsh reality is that many people earn much less, including many who earn poverty level wages.

In particular, some of Pasadena's largest employment sectors pay extremely low wages. These include fast food restaurants (average pay: \$13,375), car washes

(\$15,589), full service restaurants (\$15,833), parking lots (\$19,070), department stores (\$19,745), and supermarkets (\$23,586).

Tourism is one of Pasadena's largest industries. Pasadena has about 2,500 hotel rooms and is a destination city for tourists who enjoy our museums, theaters, restaurants, universities, sports events, the Tournament of Roses parade, and conventions and business meetings. But most the people who make their hotel stays comfortable barely earn enough to make ends meet. The average pay for hotel employees in Pasadena was \$30,609 in 2007, but the majority of workers in that industry earn much less than that.

Average pay for workers in Pasadena by sector

	Number of employees	Mean annual pay
Retail trade	10,857	\$25,850
Full service restaurants	5,489	\$15,833
Limited-service eating places	2,915	\$13,375
Supermarkets	2,163	\$23,586
Accommodation (hotels)	1,375	\$30,609
Department stores	1,099	\$19,745
Hair, nail, skin care	399	\$16,258
Parking lots	243	\$19,070
Car washes	202	\$15,589
All sectors	103,469	\$57,342

Source: 2007 Economic Census of the United States; 2007 Survey of Business Owners

In the nine industries listed above we estimate that more than 10,000 workers employed in Pasadena earn less than \$15 per hour. In total, at least 15,000 total workers employed in Pasadena would benefit from a \$15 per hour minimum wage.

Many Pasadena residents work in Los Angeles, which is about to adopt a citywide minimum wage significantly higher than the state level. This will help lift some

Pasadena residents out of poverty. But Pasadena needs to adopt its own citywide minimum wage as well. Doing so will help reduce the gap between the rich and poor in Pasadena.

Worsening economic circumstances for many Pasadenans

The 2008 – 2009 Great Recession took a toll on Pasadena households causing incomes to fall, so that by 2013, adjusted for inflation, the average income was no higher than in 2007. But the impact was more devastating for the poor. Between 2007 and 2013, the percentage of households with incomes below \$25,000 jumped from 17.9% to 20.1%, while the percentage of households with incomes over \$100,000 increased from 30.1% to 35.9%. The percentage in the middle range, between \$25,000 and \$100,000, fell from 52.1% to 44%.

As a result, from 2007 and 2013 the number of poor households with incomes below \$25,000 increased by 3,000. Over the same period, Pasadena added about 3,000 households with incomes over \$100,000. In between, the number of middle income group, \$25,000 to \$100,000, fell by 1,000 households.

Pasadena household incomes 2007, 2013

	2007 %	Number	2013 %	Number
Households with incomes below \$25,000	17.9	9,129	20.1	10,924
Households with incomes \$25,000 - \$100,000	52.1	26,617	44.0	23,942
Households with incomes over \$100,000	30.1	15,387	35.9	19,486
Total	100	51,133	100	54,352

Source: American Community Survey

In 2005, before the recession caused by the housing bubble and Wall Street's reckless practices, 14.1% of Pasadena residents lived below the poverty line. Three years later, at the peak of the recession, Pasadena's poverty rate rose to 16.7%. But even after the recession ended, Pasadena's economy did not recover, especially for the poor. In 2013, 16.3% of its residents lived in poverty, higher than the nation's 15.8% poverty rate. Yet, during this same period, the percentage of households with incomes over \$200,000 increased from 6% to more than 10%.

Year % of Individuals Below Poverty Level

2005	14.1
2008	16.7
2013	16.3

Source: American Community Survey

Pasadena is becoming more and more expensive to live in. City policies are fueling gentrification, making it harder for low-income and middle-class families to live here.

In 2013, 54% of Pasadena households paid 30% or more of their income in rent -- higher than recommended by budget experts. Even more troublesome, more than one-quarter (27.8%) of local households paid over half their incomes just to keep a roof over their head. These housing burdens have increased in the last decade.

Rent takes a much higher proportion of income for the poor. In 2013, 98% of those with incomes below \$10,000 spent more than 30% of their income on rent. But the rent squeeze isn't just a problem for the very poor. A whopping 87.6% of all households with incomes below \$50,000 pay over 30% of their incomes for rent.

Rent as a percentage of Pasadena household incomes

	Number	Percentage
Households paying between 30% and 34.5% of income for rent	2,874	9.8
Households paying between 35% and 39.9% of income for rent	1,620	5.5
Households paying between 40% and 49.9% of income for rent	3,118	10.7
Households paying more than 50% of income for rent	8,144	27.8

Source: American Community Survey

Income	% households paying more than 30% of income for rent
Under \$10,000	98.0
\$10,000-19,999	87.1
\$20,000-34,999	94.8
\$35,000-49,999	71.5

Source: American Community Survey

A minimum wage for Pasadena

What would it take to have a 'living' wage in Pasadena? Obviously, such a standard can't be precisely defined. However, MIT researchers have constructed a living wage calculator that estimates it would take \$23.53 per hour for a full-time worker to support him or herself and one child in Pasadena. Keep in mind that this 'living wage' allocates only \$357 monthly for food, \$1420 for all housing costs, \$555 for transportation, \$434 for medical, \$550 for childcare with \$222 left over for all other expenses.

While the California \$9 per hour minimum wage is a first step, it is far from a 'livable' wage. Thus we recommend:

Expand the existing Pasadena minimum wage ordinance to cover all employers and increase it on a path to \$15 per hour with a COLA

Of course, precise ordinance language needs to be crafted, carefully defining terms and coverage. The California State minimum wage law provides a model that would enable a City ordinance to follow established legal precedents with regard to collective bargaining rights, exemption for family members and legally-established workshops for the disabled.

Enforcement of the law needs careful consideration and perhaps separate ordinance in order to prevent illegally low wages, unpaid work time and other forms of wage theft, documented in several studies as unfortunately prevalent in California.

The impact of a \$15 minimum wage

Making ends meet

A \$15 per hour minimum wage will raise earnings for a large number of Pasadena workers. Currently an estimated 15,000 Pasadena workers earn less than \$15 per hour. Furthermore, wage workers who are already slightly above the new level are likely to see higher earnings. Many employers, wanting to attract and keep good employees, will offer starting pay above the minimum wage to attract more qualified workers and to reduce turnover. (see note 1)

Overall, the higher minimum wage will reduce inequality in Pasadena. Experience in other cities reveals that raising the minimum wage raises the floor so that many people at the bottom of the income scale move closer to the average. This effect will be stronger for women and people of color, also documented in other California cities. And, the new wage will lower Pasadena's high poverty rate and reduce use of public assistance. (see note 2)

Nonetheless, at \$15 per hour, a significant number of households will still be far from the \$22.53 required for a livable wage.

A better community – for residents and employers

Everyone benefits from a city with lower poverty rates, reducing associated crime and need for social assistance. Higher incomes also improve workers' ability to stay in their homes. When people have enough money to pay the rent, they don't have to move often which disrupts their lives and especially the lives of children who move from school to school. It is also a problem for employer who face high employee turnover caused when workers suddenly need to move. (see note 3)

Boosting the local economy

Households low on the income ladder spend a greater proportion of their earnings. They also are more likely than others to spend their money at local businesses. We estimate that a \$15 per hour Pasadena minimum wage would inject over \$150 million per year into the economy, generating over 1000 new jobs in addition to increasing tax revenue and reducing the need for social safety net. If enacted countywide, the \$15 minimum wage would inject over \$9 billion into the economy. (see note 4)

Better employees

One of the most consistent findings on the minimum wage is that it creates benefits for employers by reducing employee turnover and raising employee morale. Many businesses are quite aware and already pay above the minimum wage in order to gain these benefits. (see note 5)

Won't it cost jobs? –

Study after study in the economics literature and reviews of all past studies conclude that raising the minimum has no or minimal effects on employment. Even when the increase is substantial, as we propose for Pasadena, there is little evidence for a major drop in employment. And, if there are few employers who decide to do with fewer workers, the net gain for low wage workers is still positive. Because of high turnover in these jobs, the typical employee with a higher wage earns more even if there is a slight decrease in the number of hours he or she works each week. (see note 6)

Won't it raise prices? –

There are many ways in which employers can adjust to higher labor costs. Economists have documented improved productivity as one result, a gain for everyone involved. In other cases, businesses, in particular large nationwide corporations or franchises are able to handle the slightly increased costs easily out of profits. In some cases, businesses will need to raise prices, but because paying a more livable wage applies to everyone, all businesses will be affected.

Economists have looked carefully to see what, if any, impact a higher minimum wage has on prices. They have found that the impact varies considerably across industries. In many cases there is no measurable price rise. The industry most affected is eating and drinking establishments. However, even here the price rise will be relatively small. A restaurant might raise the price of a \$3 hamburger by *at most* 30 cents. But even that price increase won't happen overnight, but occur over the several years it would take to gradually raise the minimum wage to \$15 per hour. (see note 7)

Won't businesses move? --

Once again, economists measure quite modest effects when the minimum wage increases with variation between industries. Nearly all Pasadena low-wage jobs are in retail, restaurants, hotels, education and health care, businesses that will stay in Pasadena. These economic sectors are "sticky." They won't move to Glendale, Nevada or China. (see note 8)

Conclusion

These results show that we can move toward a \$15 per hour minimum wage with confidence. The benefits in justice, equity, a better community, improved employee morale and productivity outweigh the relatively smaller costs of higher prices and minor business adjustments.

Notes:

1. On the impact of the minimum wage on attracting better employees see Institute for Research on Labor and Employment, University of California-Berkeley, "Local Minimum Wage Laws: Impacts on Workers, Families and Businesses," Working Paper #104-14, March 2014: 24-26 and Dale Belman and Paul J. Wolfson *What Does the Minimum Wage Do* W.E. Upjohn Institute, 2014: 236-238..
2. On the impact of the minimum wage on inequality and different demographic groups see *What Does the Minimum Wage Do*: 301-339; "Local Minimum Wage Laws: Impacts on Workers, Families and Businesses": 13 and Economic Roundtable "Low-wage Workers and Their Employers", 2014.
3. On the impact of the minimum wage on poverty, social assistance and employee turnover see "Local Minimum Wage Laws: Impacts on Workers, Families and Businesses":14 – 16, Economic Roundtable , "Effects of a Fifteen Dollar an Hour Minimum Wage in the City of Los Angeles, 2013: 8.
4. On the economic impact of the minimum wage see "Local Minimum Wage Laws: Impacts on Workers, Families and Businesses":16-17. Our calculation is based on "Effects of a Fifteen Dollar an Hour Minimum Wage in the City of Los Angeles": 16-18. Estimate for Pasadena assumes 50 times more workers affected by a \$15 minimum wage in the City of Los Angeles than in Pasadena.
5. On impact of the minimum wage on productivity and efficiency see *What Does the Minimum Wage Do*: 259-300 and Justin Wolfers and Jan Zilinsky , " Higher Wages for Low-Income Workers Lead to Higher Productivity."
6. The impact of the minimum wage on employment has been studied intensely. For summaries of this research see *What Does the Minimum Wage Do*: 21- 118, "Why Does the Minimum Wage Have No Discernable Effect on Employment?" Center for Economic and Policy Research, 2103. For studies of California cities see "Local Minimum Wage Laws: Impacts on Workers, Families and Businesses": 3, 17-21.
7. The impact of the minimum wage has been studied for the overall economy and specifically for the fast food industry. For summaries see *What Does the Minimum Wage Do*: 383-392; "Local Minimum Wage Laws: Impacts on Workers, Families and Businesses": 22-23. Fast food firms likely would face the largest price increases with the highest estimates being 10% over the several years in which a \$15 minimum wage was introduced. See "A \$15 U.S. Minimum Wage: How the Fast-Food Industry Could Adjust Without Shedding Jobs" Political Economy Research Institute, U. of Mass. 1/13/2015
8. The Economic Roundtable "Low-wage Workers and Their Employers", estimates an overall 4% increase in costs as percentage of revenue for \$15 minimum wage. In Pasadena, hotel and restaurant businesses would face higher cost increases, about 14% of revenue. But such costs would be spread over several years. Pasadena has almost no reliance on manufacturing industries identified by the Economic Roundtable as vulnerable to job losses.

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SUPPORTERS OF PASADENANS FOR A LIVEABLE WAGE

Raise the Minimum Wage to \$15/hour by 2020!

Updated 8/26/15

All Saints Church
Clergy and Laity United for Economic Justice (CLUE)
First Congregational Church of Pasadena, United Church of Christ
Greater Pasadena Jews for Justice
Neighborhood Unitarian Universalist Church
Pasadena Church
Progressive Christians Uniting
Rev. Dr. Matthew Colwell, Pastor at Knox Presbyterian Church of Pasadena
Throop Unitarian Universalist Church

California Nurses Association (CNA)
CLEAN Carwash Campaign
Communication Workers of America (CWA) Local 9505
Fight for 15
Restaurant Opportunities Center of Los Angeles
United Teachers of Pasadena
UNITE HERE Local 11

ACCE (Alliance of Californians for Community Empowerment)
ACT (*endorses \$15/hour by 2020*)
Affordable Housing Services
American Civil Liberties Union (ACLU), Southern California, Pasadena Foothills Chapter
ANSWER Coalition (Act Now to Stop War and End Racism)
CHIRLA (Coalition for Humane Immigrant Rights of Los Angeles)
Democrats of the Pasadena Foothills
KIWA (Koreatown Immigrant Workers Alliance)
LA Progressive
League of Women Voters Pasadena Area (*endorses \$15/hour by 2020*)
Los Angeles Black Workers Center
North Fair Oaks Empowerment Initiative
Organizing for Action (OFA), San Gabriel Valley

Dan Flaming, President of Economic Roundtable
Elizabeth Pomeroy, (for reference, PUSD School Board)
Jeanette Mann, (for reference, PCC Board of Trustees)
Jill Shook & Anthony Manousos
Joel Bryant, (for reference, Dist. 3 Interim City Council Member, Jan-May 2013)
Kirk D. Dillman
Larry Torres, (for reference, PUSD School Board)
Marvin Gross
Monica Hubbard
Rabbi Joshua Levine Grater
Stella Murga (for reference, Adelante Youth Alliance)
Tom Selinske (for reference, former Pasadena Unified School District Board of Education Member)
Hoyt Hilsman
Jessica Kubel

Pasadenans for a Livable Wage

Raise the Minimum Wage: It's Good Business!

Frequently Asked Questions for Employers

Increasing the minimum wage is not only good for workers and their families; it's also a win for businesses, the economy, and communities. Although lobbyists representing large corporate interests claim to represent the interests of all businesses when they argue against the minimum wage, a growing number of employers are voicing their support for raising the wage. These forward-thinking employers recognize the importance of a fair economy and see the value of productive, happy employees who stay in their jobs over the long term. The following FAQ provides the information employers need to take an informed stance.

"We wholeheartedly support raising [Pasadena's] wage up to \$15 per hour...When the [Seattle minimum wage increase] went through...we saw great benefits...the labor force was more productive; we saw our revenues increase; [and] we saw more volume come to our business." –
Kevin Litwin, COO, Joe's Auto Parks.
*(A multi-state business with a Pasadena location.)*¹

Why are very low-wage jobs bad for Pasadena's businesses and economy?

- **When families don't make enough to get by, they can't afford to buy goods and services from local businesses.** Too many Pasadena families are underwater. More than 17 percent of households in Pasadena live on less than \$25,000 per year. An astounding 28 percent of households here spend more than half their income on rent. This leaves little left in their pockets to spend in Pasadena's economy.²
- **Higher wages lead to lower rates of employee turnover, which saves employers money.** The costs of recruiting, hiring, and training new employees add up fast – even for lower-wage workers. Researchers estimate the cost of turnover for workers earning less than \$30,000 per year as about 16 percent of annual salary.³ But when workers make a reasonable wage, they are much more likely to stay in their jobs, be loyal to their employers, and boost business's bottom lines. Over time, the savings from reduced turnover help to balance out the increased cost of labor that comes with a wage hike.
- **A higher minimum wage would create economy-boosting jobs.** A \$15 per hour Pasadena minimum wage would inject over \$150 million per year into the economy; generate over 1000 new jobs; increase tax revenue; and reduce spending on the social safety net.⁴

How will a minimum wage increase affect business operations?

- **Leading economists agree that businesses are unlikely to cut jobs.** There is a strong consensus among economists – include multiple Nobel Laureates – that raising the minimum wage does not lead to decreases in employment, especially if the wage is raised incrementally, as is proposed.⁵
- **All businesses will increase their wages slowly, over the next five years.** Employers will have time to adjust and no business will have an unfair advantage.
- **Most businesses will not need to significantly increase prices.** In the industry that is most likely to raise prices – fast food – consumers may see up to a 30 cents increase to a typical hamburger price. That's a cost that's easy to swallow when the benefits of increased wages are considered.⁶

Pasadenans for a Livable Wage

Why is it critical for Pasadena's City Council to act now?

- **Both the City and County of Los Angeles have now passed legislation to move toward a \$15 minimum wage.** To compete for the workers who will help Pasadena's economy thrive, we can't be left behind. Instead of losing employees to higher wage locations, Pasadena employers will be able to retain their top workers. For employers with multiple locations throughout the county, one minimum wage will make things simpler.

"While we're honored to be the first, we hope that the rest of the banking industry swiftly joins us in paying industry employees a living wage [...] a livable minimum wage is not only the right thing to do – it's also good business." – **Keith Mestrich, CEO of Amalgamated Bank.** (A national bank that recently raised its minimum wage to \$15 per hour and has a Pasadena location.)⁷

What is the proposal for Pasadena's minimum wage increase?

- **The proposal from Pasadenans for a Livable Wage calls for a minimum wage ordinance closely resembling the Los Angeles City and County Ordinances.**
- **Incremental change.** Increases would occur on the following schedule:

	For employers with 26 or more employees	For employers with 25 or fewer employees
July 1, 2016	\$10.50	
July 1, 2017	\$12.00	\$10.50
July 1, 2018	\$13.25	\$12.00
July 1, 2019	\$14.25	\$13.25
July 1, 2020	\$15.00	\$14.25
July 1, 2021		\$15.00

- **Cost of living adjustments.** To avoid a situation like the present one, where the real value of the minimum wage has declined drastically over time, the City of Pasadena ordinance should increase the minimum wage according to the Consumer Price Index, beginning on July 1, 2022.
- **An Inclusive law.** Mirroring California's minimum wage labor code, only workers who are family members, trainees, employees in State certified workshops for the disabled will be exempt from the minimum wage.

Business voices are crucial to the debate over Pasadena's minimum wage.⁸ Make your voice heard – don't let big corporations' lobbyists claim to speak on behalf of all employers. **To get involved with the campaign, contact Kristen Green at kgreen890@gmail.com and visit <https://livablewagepasadena.wordpress.com/>**

Pasadenans for a Livable Wage

Notes

¹ Testimony of Kevin Litwin at Pasadena City Council Meeting, July 27, 2015. Video available at: http://pasadena.granicus.com/MediaPlayer.php?view_id=25&clip_id=3503

² Mark H. Maier (2015). *Why Pasadena Needs a Minimum Wage*. Available at:

<https://drive.google.com/file/d/0BxO2xp5YVo64MldkWIM4eWt4NI84dU5ky1BhbUpsWjvKWERV/view?usp=sharing>

³ Heather Boushey and Sarah Jane Glynn. (2012) *There Are Significant Business Costs to Replacing Employees*. Center for American Progress. Available at: <https://www.americanprogress.org/issues/labor/report/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/>

⁴ See note 2.

⁵ Economic Policy Institute. (2014) "Over 600 Economists Sign Letter in Support of \$10.10 Minimum Wage." Available at: <http://www.epi.org/minimum-wage-statement/>

⁶ See note 2.

⁷ Amalgamated Bank. (2015). "Amalgamated Bank Becomes First Bank in Nation to Pay \$15 an Hour Minimum Wage for All Employees; Calls on Banking Industry to Join the Fight for \$15." Available at: <https://www.amalgamatedbank.com/article/2015-08-06/amalgamated-bank-becomes-first-bank-nation-pay-15-hour-minimum-wage-all-employees#sthash.LefsF6Kh.dpuf>

⁸ For more information about businesses and the minimum wage, and to see a list of business supporters of an increased minimum wage nationwide, visit: <http://www.businessforafairminimumwage.org/>