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5 NOBEL PRIZE WINNING ECONOMISTS CALL FOR MINIMUM WAGE INCREASE

KENNEDY: THEY UNDERSTAND WHAT EVERYONE EXCEPT THE REPUBLICAN LEADERSHIP UNDERSTANDS -- IT IS TIME TO GIVE HARD WORKING AMERICANS A RAISE

Washington, D.C. -- Today, Senator Edward M. Kennedy issued the following statement in response to the news that 650 economists, including 5 Nobel winners of the Nobel prize for economics, are urging lawmakers to raise the minimum wage. Senator Kennedy's bill, which the Republican leadership has blocked, would raise the minimum wage to \$7.25 an hour in three steps; currently the minimum wage is \$5.15. Also below is the AP story on the news from the economists.

"These esteemed economists understand what everyone except the Republican leadership and the White House understand: an increase in the minimum wage is long overdue and would strengthen our economy. Millions of American families are living in poverty while working hard for the American dream. The Republicans block every effort to give them the raise they deserve --- despite skyrocketing increases in health care, gas prices, and education. Sadly, it is clear as day that despite what the economists advise, the only way these hard working people will get a new raise is if this Congress gets new management in November."

5 Nobel-prize winning economists call for minimum wage hike By Ellen Simon, AP Business Writer | October 11, 2006

NEW YORK --More than 650 economists, including five winners of the Nobel Prize for economics, called Wednesday for an increase in the minimum wage, saying the value of the last increase, in 1997, has been "fully eroded."

Economists including Nobel prize winners Kenneth Arrow of Stanford University, Lawrence Klein of the University of Pennsylvania, Robert Solow of the Massachusetts Institute of Technology, Joseph Stiglitz at Columbia University and Clive Granger of the University of California, San Diego said in a statement released Wednesday that the real value of today's federal minimum wage is less than it has been at any time since 1951.

Federal minimum wage is \$5.15 an hour. Twenty-two states and the District of Columbia have set their minimum wages above the federal level.

In Massachusetts, the minimum wage of \$6.75 an hour is being raised to \$8 by 2008.

"We believe that a modest increase in the minimum wage would improve the well-being of low-wage workers and would not have the adverse effects that critics have claimed," the economists wrote.

Critics of a minimum wage hike have contended a higher minimum wage lead employers to cut jobs or move them offshore. They also say that many minimum wage earners are teenagers working after-school jobs.

The economists disagreed, writing that a phased-in increase in the federal minimum wage to \$7.25 "falls well within the range of options where the benefits to the labor market, workers, and the overall

economy would be positive."

The economists wrote that they share the view of a 1999 Council of Economic Advisors Economic report that found "the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment."

The economists wrote, "While controversy about the precise employment effects of the minimum wage continues, research has shown that most of the beneficiaries are adults, most are female, and the vast majority are members of low-income working families."

The economists spoke on a conference call hosted by the Economic Policy Institute, an economic research group based in Washington, D.C.

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