Economists’ Statement Supporting an Increase in the Massachusetts Minimum Wage

As economists concerned about the difficulties facing low-wage workers across the Commonwealth, we support increasing the Massachusetts minimum wage and indexing it to inflation.

The minimum wage has been an important part of the Commonwealth’s economy since it was first enacted in 1912 “to supply the necessary cost of living and to maintain the worker in health.” Despite that historic charge, the real, inflation-adjusted value of the minimum wage is now well below that of prior decades. For instance, the purchasing power of the current minimum wage has fallen by 14 percent since 1978. An increase is needed to reverse this decline and to address the basic economic needs of working families in Massachusetts.

A bill introduced at the start of the 2005-2006 legislative session proposes to raise the Massachusetts minimum wage from its current level of $6.75 per hour to $8.25 per hour by 2007 and to increase it annually in line with changes in the Consumer Price Index thereafter. This increase would restore much of the value that the minimum wage has lost to inflation and would ensure that the minimum wage would retain its purchasing power over time. This legislation would raise the wages of over a quarter of a million workers throughout the Commonwealth, most of whom are adults, primarily women. Moreover, it would help to narrow the growing gap between rich and poor in Massachusetts.

We anticipate that the claim will be made that an increase in the minimum wage will reduce employment. As economists, however, we believe that recent studies of minimum wage effects in other states like Massachusetts support the conclusion of the U.S. Council of Economic Advisors that “the weight of the evidence suggests that modest increases in the minimum wage have had very little or no effect on employment.” In short, raising the minimum wage in stages to $8.25 per hour is unlikely to affect jobs. To the contrary, an increase in the minimum wage will raise purchasing power and could yield other distinct benefits for Massachusetts businesses, such as reduced turnover and lower training costs.

Randy Albelda  
University of Massachusetts Boston  
Carole Biewener  
Simmons College

Alice Amsden  
Massachusetts Institute of Technology  
Olivier Blanchard  
Massachusetts Institute of Technology

Michael Ash  
University of Massachusetts Amherst  
Barry Bluestone  
Northeastern University

M. V. Lee Badgett  
University of Massachusetts Amherst  
James K. Boyce  
University of Massachusetts Amherst

Francis M. Bator  
Harvard University  
Marc Breslow
Robert Buchele
Smith College

Carol E. Heim
University of Massachusetts Amherst

Jim Campen

Lawrence Katz
Harvard University

Michael J. Carter
University of Massachusetts Lowell

Marlene Kim
University of Massachusetts Boston

Karl E. Case
Wellesley College

Thomas A. Kochan
Massachusetts Institute of Technology

James R. Crotty
University of Massachusetts Amherst

Kevin Lang
Boston University

Dave Danning
Massachusetts Teachers Association

William Lazonick
University of Massachusetts Lowell

Peter B. Doeringer
Boston University

Adugna Lemi
University of Massachusetts Boston

Gerald Epstein
University of Massachusetts Amherst

Arthur Lewbel
Boston College

Colleen Fahy
Assumption College

Lisa Lynch
Tufts University

Rashi Fein
Harvard University Medical School

Catherine Lynde
University of Massachusetts Boston

Patricia M. Flynn
Bentley College

Stuart Lynn
Assumption College

Nancy Folbre
University of Massachusetts Amherst

Arthur MacEwan
University of Massachusetts Boston

Monica Galizzi
University of Massachusetts Lowell

John Miller
Wheaton College

Kevin Gallagher
Tufts University

S. M. Miller
Commonwealth Institute

Neva Goodwin
Tufts University

Fred Moseley
Mount Holyoke College
Philip Moss
University of Massachusetts Lowell

Richard J. Murnane
Harvard University

Julie Nelson
Tufts University

Richard Parker
Harvard University

Karen Pfeifer
Smith College

Robert Pollin
University of Massachusetts Amherst

Nola Reinhardt
Smith College

Juliet Schor
Boston College

Bruce R. Scott
Harvard University Business School

Peter Skott
University of Massachusetts Amherst

Robert M. Solow*
Massachusetts Institute of Technology

Mary Huff Stevenson
University of Massachusetts Boston

Peter Temin
Massachusetts Institute of Technology

David Terkla
University of Massachusetts Boston

Chris Tilly
University of Massachusetts Lowell

Andy Torres
University of Massachusetts Boston

Thomas White
Assumption College

Andrew Zimbalist
Smith College

*indicates Nobel Laureate