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No. 99

## Senate

The Senate met at 12:30 p.m., and was called to order by the President pro tempore (Mr. THURMOND).

The PRESIDENT pro tempore. Our prayer today will be led by Father Paul Lavin, pastor of St. Joseph's on Capitol Hill, Washington, DC.

### PRAYER

The guest Chaplain, Father Paul Lavin, pastor of St. Joseph's on Capitol Hill, offered the following prayer:

Let us listen to the word of the Lord in Psalm 18:

*I would love thee, O Lord, my strength.*

*The Lord is my rock, and my fortress, and my deliverer; my God, my strength, in whom I trust; my buckler, and the horn of my salvation.*

*I will call upon the Lord, who is worthy to be praised.*

Let us pray:

We stand before You, O Lord conscious of our sinfulness but aware of Your love for us.

Come to us, remain with us, and enlighten our hearts.

Give us light and strength to know Your will to make it our own and to live it in our lives.

Guide us by Your wisdom, support us by Your power, keep us faithful to all that is true.

You desire justice for all: Enable us to uphold the rights of others; do not allow us to be misled by ignorance or corrupted by fear or favor.

Glory and praise to You for ever and ever. Amen.

### RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT, is recognized.

### SCHEDULE

Mr. LOTT. Mr. President, today there will be a period for morning busi-

ness until the hour of 3:30 p.m., with Senator KENNEDY or his designee in control of the time from 12:30 to 2 p.m., and Senator COVERDELL or his designee in control of the time from 2 until 3:30 p.m.

Following morning business, the Senate will begin consideration of H.R. 3448, the small business tax package legislation. Under the consent agreement reached, there are a limited number of amendments in order to that bill and all debate time will be used today. No rollcall votes will occur during today's session. Therefore, any votes ordered on the amendments will occur at 2:15 on Tuesday.

On Tuesday, following the completion of H.R. 3448, the Senate will begin consideration of S. 295, the TEAM Act. As a reminder to all Senators, any votes ordered on amendments to the TEAM Act will occur during Wednesday's session of the Senate. Senators should also be reminded that, under a previous order, the Senate will vote on passage of the Department of Defense authorization bill at 9:30 on Wednesday, although I should note that because of the likelihood of a signing at the White House of the church burning legislation, we are working to see if we might defer that vote until, I believe, 12 o'clock on Wednesday. But we will make that official later on during the day, if we get it all worked out.

Immediately following that vote, the Senate will proceed to the House of Representatives for a joint meeting of Congress to hear an address by the Prime Minister of Israel. Of course, if we do not have that vote at 9:30, we will assemble here and we will go right to the House for that joint meeting.

Due to the joint meeting, it may be necessary to postpone the vote on the passage of DOD until later in the afternoon on Tuesday, as I have already announced. We will make that announcement as soon as possible today.

At noon on Wednesday, there will be a vote on the motion to invoke cloture on the motion to proceed to S. 1788, the National Right To Work Act.

Finally, I should say the appropriations process has to move forward. I anticipate we will take actions this week on appropriations measures. The first will be the Department of Defense appropriations bill, to be followed by the foreign operations appropriations bill.

All Members should plan their schedules to anticipate votes, probably into the early evening on Tuesday and on Wednesday, although we hope not to go late. Then, on Thursday, depending on what progress we have made on the DOD appropriations bill and the foreign ops appropriations bill, we could go late into the evening on Thursday.

I yield the floor.

### MORNING BUSINESS

The PRESIDING OFFICER (Mr. CRAIG). Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 3:30 p.m., with Senators permitted to speak therein for not to exceed 5 minutes. The time between 12:30 and 2 p.m. shall be under the control of the Senator from Massachusetts, Senator KENNEDY, or his designee.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself such time as I might use.

The PRESIDING OFFICER. Without objection, it is so ordered.

### THE MINIMUM WAGE

Mr. KENNEDY. Mr. President, tomorrow, July 9, is minimum wage day in the U.S. Senate. The Senate will finally have an up-or-down vote on a fair increase in the minimum wage. The minimum wage has been stuck at its

• This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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current level of \$4.25 an hour for some 5 years. The increase that we propose to \$5.15 an hour should have gone into effect at least a year ago. But for 18 months Republicans refused to allow this Senate to vote.

Now the long overdue vote is about to take place, but the Republican obstruction has not ended. Opponents of the minimum wage have devised a shameless trick to prevent as much of the increase as possible, by delaying it and by denying it to large numbers of deserving American workers.

The Republican amendment is a sham. It purports to raise the minimum wage from \$4.25 to \$5.15 an hour, but in fact it will deny that increase to most Americans who would otherwise receive it. To paraphrase the words of a country and western song, "One step forward, two steps back, you don't get a raise with a trick like that."

Under our Democratic proposal, more than 13 million Americans will receive a raise when the minimum wage bill is passed. Under the Republican amendment, most of these workers would never see that raise. First, the Republican amendment exempts more than 4 million workers, almost half of all the minimum wage workers earning between \$4.25 and \$5.15 an hour, by creating a permanent subminimum wage for the first 6 months on the job.

Second, the Republican amendment exempts two-thirds of all workers eligible for the increase by exempting the 10 million workers and businesses with annual sales of less than \$500,000 a year.

Third, the Republican amendment exempts the 2 million employees in restaurants and other establishments who rely on tips for part of that income.

These three exemptions clearly overlap. Some workers will be caught by all three exemptions. The Republicans have left no stone unturned in their cynical attempt to find as many ways as possible to deny a fair increase in the minimum wage to as many American workers as possible. But Republicans are not even satisfied with these massive exemptions. They also want to delay the increase in the minimum wage for anyone who still qualifies to receive it.

As one more insult to American workers, the Republican amendment would delay the increase by 6 more months, until January 1997. No increase at all for anyone in 1996 is the last line of defense for Republicans in their unseemly battle against the minimum wage.

So, President Clinton is correct to say, as he did in his veto letter of June 28, 1996, that he will veto a minimum wage increase that contains any of these Republican tricks.

Make no mistake, a vote for the Bond amendment is a vote to kill the minimum wage increase for now and for the foreseeable future. That is the strategy of the Republicans and their right-wing allies.

The National Retail Federation has mounted a campaign in support of the

Republican amendment. They sent out an action alert last week, in which they abandon any pretense that the Republican amendment is anything other than an attempt to kill the minimum wage increase. The Republican amendment, they say, "is our last chance and best hope for stopping the minimum wage increase this year."

Mr. President, I will include it all in the RECORD. On page 1, the bottom of page 1, it says, "It is our last chance and best hope for stopping the minimum wage increase this year," to support the Bond amendment. Then it lists a number of the Senators who should be targeted by their organization.

I ask unanimous consent the letter and list be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL RETAIL FEDERATION  
MEMORANDUM

To: Government and Legal Affairs Committee, National Association Executives.  
From: John J. Motley III, Senior Vice President, Government and Public Affairs.  
Re action needed on minimum wage.  
Date: July 1, 1996.

Attached for your review and use is an action alert describing the current situation with the minimum wage increase in the U.S. Senate.

The Senate will vote on the minimum wage increase on July 9. NRF is working to pass the Bond amendment and defeat the Kennedy amendment.

For those of you with operations in the targeted states—Arkansas, Colorado, Maine, Nebraska, New York, Pennsylvania, South Dakota, and Vermont—any help you could lend getting Senators to support the Bond amendment would be much appreciated. NRF members and the state retail association executives based in the target states have already received a copy of the action alert.

The vote will be close. If more than two Republicans vote against Bond and not one Democrat votes for it, we cannot win.

Passing the Bond amendment is probably our best change to kill the minimum wage increase. If you have any questions, please contact me or Kent Knutson at (202) 783-7971. Many thanks.

Several Senators are undecided on the Bond amendment and need to hear from you. The vote will be extremely close, so please take a minute to call, FAX, or write and urge them to vote for the Bond amendment and against the Kennedy amendment.

SENATORS WHO NEED TO HEAR FROM YOU

State and Senator	Phone	Fax
Arkansas:		
Dale Bumpers .....	(202) 224-4843	224-6435
David Pryor .....	(202) 224-2353	228-3973
Colorado: Ben Nighthorse Campbell .....	(202) 224-5852	224-1933
Maine:		
Bill Cohen .....	(202) 224-2523	224-2693
Olympia Snowe .....	(202) 224-5344	224-1946
Nebraska:		
Bob Kerrey .....	(202) 224-6551	224-7645
Jim Exon .....	(202) 224-4224	224-5213
New York: Alfonse D'Amato .....	(202) 224-6542	224-5871
Pennsylvania:		
Arlen Specter .....	(202) 224-4254	228-1229
Rick Santorum .....	(202) 224-6324	228-0604
South Dakota: Larry Pressler .....	(202) 224-5842	228-0368
Vermont: Jim Jeffords .....	(202) 224-5141	228-1932

Please send a copy of any correspondence to NRF, Attention: Grassroots Department at fax (202) 737-2849.

Don't hesitate to call if you have any questions at (202) 783-7971. Thanks so much for your help.

Mr. KENNEDY. So the battle lines are clearly drawn.

I urge the Senate to stand with American working families, not against them. I urge the Senate to stand for the basic principle that the minimum wage should be a living wage; that no American who works for a living should have to live in poverty.

Tomorrow's vote will be one of the most important votes in the U.S. Senate this year. Millions of hard-working men and women are struggling to lift themselves out of poverty and provide a decent life for their families. They are looking to us for hope and help, and it is time for them to get a raise.

Our Democratic proposal would raise the minimum wage to \$5.15 an hour in two 45-cent steps. The first step would take place as of July 4 this year, and I mention, Mr. President, that is in the legislation, but, obviously, since that date has passed, with the passage of our amendment, it is hoped that in conference we can delay the implementation of that for 30 days after the President signs. That will give a reasonable period of time for it to be implemented and reasonable notification to those who are going to have to pay it.

As of that date, the minimum wage would be \$4.70 an hour. The second part of the increase, to \$5.15, would take place on July 4 next year. Raising the minimum wage is critical for millions of low-wage workers who are directly affected by it, and it is critical for the economy as a whole.

The widening income gap is a worsening problem in the United States, and the declining purchasing power of the minimum wage is a significant problem.

Mr. President, this chart shows how America grew from 1950 to 1978—"Growing Together, Real Family Income Growth by Quintile." What we see is those at the bottom level of the economic ladder actually grew 138 percent. They grew more than any other sector of our economy. The second quintile at 98 percent; the third at 106 percent; the fourth at 111 percent; and the top 20 percent at 99 percent. All America grew together, and if there was any answer, it was that all Americans were playing by the rules, working hard providing for their families, which was part of the whole American growth pattern.

But look what has happened since. This first chart represents 1950 to 1978. Now on this second chart, we have from 1979 to 1994. This chart reflects real family income growth by quintile, but it is growing apart. The largest continuing growth has been on the top 20 percent, and if you went to the top 5 percent, you would see that percent of growth even higher. If you went to the top 1 percent, the wealthiest individuals and corporations, you would see that those numbers would go up even higher.

What has happened is, on the bottom 20 percent, you see the real family income had an actual decline of 11 percent from 1979 to 1994. This does not represent what I think most Americans expect, hope for, and think is fair. What they expect is that all Americans will grow and participate in an expanding economy. Quite to the contrary. We see those who are on the bottom 20 percent have seen the most serious decline in family income. It is in this particular group that the minimum wage workers are most adversely affected.

Since 1979, 97 percent of the increase in real household income has gone to the wealthiest 20 percent of American families, while only 3 percent has gone to the other 80 percent. The real family income of most American families has declined since 1979, while the real income of the top 20 percent of families grew by 18 percent. Part of the decline in income for working families has been caused by the drop in the purchasing power of the minimum wage, which has fallen almost 30 percent since 1979. It is worth 50 cents an hour less today than when it was last raised in 1991.

Mr. President, this chart reflects the declining real value of the minimum wage over the period from 1960 up to 1995. What we see is the real purchasing value. It has been gradually increasing at the lower levels, which I will get to in a few moments. But this chart represents the real minimum wage, from 1960 to 1995, and going back to 1969, 1970 in purchasing power, it would be \$6.45 today instead of \$4.25. That is a \$2 spread in purchasing power for working families, not to families who are on welfare, but working families who want to keep off welfare. They are playing by the rules: 40 hours a week, 52 weeks of the year.

Effectively, they have taken a significant cut in their purchasing power, from \$6.45 down to what it would be now at \$4.25. This represents the declining value of the purchasing power for families. In 1991, the last time the minimum wage was increased, we got a slight blip and now it has gone right back down, at the present time, even below where it was in 1989.

Incredibly, the economy today is a great deal stronger than it was in 1989. Still, in 1989, we have had not only virtually all of the Democrats voting for an increase in the minimum wage, but we had Republicans as well. We had Republicans as well. Senator Dole voted for an increase. Speaker GINGRICH at that time voted for the increase in the minimum wage when our economy was not as strong.

Now we find the purchasing power is right back to where it was in 1989. The economy is a great deal stronger, and we have been seeing the complete opposition by the leadership of the House of Representatives that said we will not give an opportunity to vote on an increase in the minimum wage.

Finally, the American people spoke about that issue, and finally, reluctantly, the House of Representatives

increased the minimum wage with some courageous Republicans who supported it.

Now, after over a year of trying to get a vote on the minimum wage by attaching it, or threatening to attach it, to any of the different pieces of legislation that came along, we are now in a position where we will get an opportunity to vote on the minimum wage, not just to vote on increasing the minimum wage, which has been the tradition, historic tradition of the increases in minimum wage, but we will vote on a proposal of our Republican friends that I described earlier that on the one hand would appear to give the increase in the minimum wage, but, on the other hand clearly takes it back.

So that, Mr. President, is how we find this debate, both today and tomorrow, and why we believe that it is so important that Americans will let their Members of Congress know again that working families ought to be entitled to an increase in the minimum wage to, not even bring the working families out of poverty, but at least give them about \$1,800 more, which is a good deal more income for families. It would reflect about a 22- or 23-percent increase in their wages, enough to support groceries for 7 months of the year, probably pay for tuition for 1 year for a son or daughter to attend the college in their home State, and so on, probably the premium for some health insurance programs that they may be able to provide either for their children, perhaps for themselves. It represents a very significant and important increase for those who are working.

Mr. President, as a nation, we are moving, as I mentioned, farther and farther away from the fundamental principle that honest work should pay an honest wage, and full-time, year-round workers should be able to keep their families out of poverty. Today a nurse's aide, a janitor, a child care worker—Mr. President, that is what we are talking about, those who are making the minimum wage.

We will have an opportunity to put some names and, hopefully, some faces and some lives out here in the course of this debate in the next couple of days. But basically they are teachers' aides, those who are working with the children in our classrooms all over this country, increasingly challenged by all of the challenges which are there in the schools of our Nation, trying to provide help and assistance to a teacher so a teacher can teach.

They are nurses' aides and health care workers. Some are in those schools. Health care workers are primarily, perhaps, in nursing homes who are looking after parents to make sure that those parents are going to be treated fairly and decently, taking care of them, washing them, feeding them, changing them, some of the most difficult, trying work that anyone could ask for in this country. They do it and do it well and do it with a sense of respect and decency.

They are janitors who, long after men and women who are in the major companies and corporations in the buildings of this Nation go home for the day, they are in there, after dark, and spend many long hours into the evening cleaning up those buildings and may be lucky enough to get home before their kids go out and go to school in the morning, to see them for a few hours.

Mr. President, these are the men and women who are doing the tough, difficult work that is out there in America to be done. They do it with pride and dignity. They do it to provide for their families, for their loved ones. We evidently are coming to the point where we may have an opportunity to see some increase, and we are faced with Republican opposition to undermine the very modest increase.

This is a modest increase, Mr. President. When we first introduced what is the legislation that we will be voting on, we wanted it 3 years at 50 cents, and a cost-of-living increase. That does not seem to me to be enormously radical. It would probably bring this back up to here in terms of the purchasing power of the minimum wage. But now we are back to 45 cents—45 cents—and for 2 years without the cost-of-living increase. And we are facing opposition for that very, very modest, modest increase.

So today, Mr. President, a nurse's aide, a janitor, a child care worker, anyone else who makes a minimum wage earns just \$8,800 for 52 weeks of work at 40 hours a week, more than \$6,000 below the poverty level for a family of four. According to the old saying, "The rich get richer; the poor get poorer." But that should not be the Nation's economic policy.

Today, one out of every nine families with a full-time worker lives in poverty without enough money to feed and clothe their children and keep a roof over their heads. Rich America is getting richer. The stock market may be sputtering, but the increase has gone to more than 400 percent since 1992. Real wages have declined by 15 percent. As the values of Wall Street have soared, the values of Main Street have fallen farther and farther behind.

Mr. President, this chart indicates again the comparison, using one indicator, and that is what is happening on Wall Street. I know there are other indicators; we can get into those as well. But what we have seen is the enormous growth, adjusted to inflation, in what has happened in the Dow Jones industrial average over the period from 1979 through 1995. What has happened to the minimum wage? Here are hard-working workers who are doing the difficult jobs that need to be done, and here we see the Dow Jones industrial average going up and continuing to go up.

In the Senate, we have given ourselves three pay increases since the last increase in the minimum wage in 1991. Congressional pay raises have totaled \$31,000, a 31-percent increase. The

bill before the Senate calls for 90 cents in the minimum wage over the next 2 years, a 22-percent increase.

Mr. President, it is time to support those who work for a living instead of living off welfare. I must say, Mr. President, that if you want to talk about real welfare reform, it is increasing the minimum wage. Let us get people who can work and want to work back to work and give them a livable wage. An interesting fact, Mr. President, is that if you get this increase in the minimum wage, you see the savings in the safety net. You see significant, hundreds of millions of dollars of reductions in payments of AFDC, you see hundreds of millions of dollars of reductions in the Medicaid Program, in the Food Stamp Program.

You have more than 300,000 children who would come out of poverty; well over 100,000 families coming out of poverty; they will not be eligible for those expenditures. That is only with a very modest increase in the minimum wage. Why should the Federal taxpayer be paying in to a fund that supports these safety-net programs to subsidize those who are not paying a fair wage? That is what this is about, too; subsidizing many of those companies that refuse to provide a livable wage. They are getting subsidization for their workers with the other safety-net programs. Those safety-net programs were never devised for that particular purpose. If you provide this modest increase in the minimum wage, you are going to be saving the taxpayers an additional amount.

I believe the overpowering and overwhelming argument is that we ought to have a basic standard of fairness and justice in our economy. The economy ought to move in a way that is not going to serve just the wealthiest individuals but is going to serve all Americans. That is what this country ought to be about and what it is about when it is at its best. These hard-working Americans deserve this kind of assurance that they are going to be able to provide for their families.

But if you do not like that argument and you are only persuaded, as so many apparently are in this body, by what is going to be actually expended in terms of the taxpayers, this is a good bargain for those individuals as well.

Mr. President, what we are talking about here are 13 million Americans who will receive a pay increase from this legislation—13 million Americans.

Mr. President, we hear often on this floor that the best way to get any increase for working Americans is to insist on the balanced budget amendment. I support a balanced budget, not with the priorities that have been outlined by our Republican friends. But that is a debate for a different time. But the interesting fact remains, Mr. President, that if our Republican friends were able to get the balanced budget amendment through, according to their own CBO, it would mean a one-half of 1 percent increase in the income

of those 13 million workers who are working at a minimum wage level—one-half of 1 percent.

This minimum wage program which we support will amount to a 4 percent increase for the 40 percent of the lowest income American workers. We can do that virtually by adopting this particular program that has passed the House of Representatives and will be before the U.S. Senate tomorrow. This can make an important difference—an important difference—to the real income of working families as compared to what we are asked to do by our Republican friends saying, "Well, let's just go ahead and balance the budget. That will reflect itself in greater opportunities for those workers." Even their own figures do not justify that position.

Mr. President, as many as 2.3 million children live in poor or near-poor families where workers will get a raise. This is a children's issue. This is a children's issue. Of this, 1.52 million are living in families with just one breadwinner. We will probably even hear in the debate that this really is not an important issue because it only affects the 10, 13 million Americans in a work force of 129, 130 million Americans. It is enormously important to those children, the million and a half of those children whose whole position is being threatened now in the cuts in the Medicaid Program, the transfer, the reduction in immunization and all of the screening programs that are out there, when we know that two-thirds of the children on Medicaid have parents who are working.

I do not understand what it is with our Republican friends, what they have against children of working families. But that is the fact of the impact of many of these cuts, both in the Medicaid Program, the education program, and the opposition to the increase in the minimum wage. It is callous. It is wrong. But, nonetheless, we are faced with it. We will have an opportunity tomorrow to make a judgment whether we are going to stand with the children, the needy children, the poor children that did not, as a matter of choice, choose to grow up in a household where their families are making the minimum wage at this time.

Mr. KYL assumed the Chair.

Mr. KENNEDY. Now, Mr. President, this is not only children, but this is also about women in our society. The greatest percent are women; 64 or 65 percent of the minimum wage workers are women in our society. Seven million women and more than 5 million adult women will receive a fair raise if the minimum wage is increased.

Who are the 5 million adult women? Two million are single heads of households with at least one dependent. They are raising families, caring for children, trying to get by on a poverty-level wage. It is time for them to get a raise.

Mr. President, 60 percent of minimum wage workers are married. They

contribute an average of 51 percent of family earnings. We are not talking about teenagers earning pocket money. We will hear talk about that later this afternoon, I am sure. We are talking about people whose families depend on them for their survival and well-being. It is time for them to get a raise.

The large numbers of minimum wage workers who are women work in hospitals, food services, and restaurants, where they work as cashiers, clean hotel rooms and work in laundries. Their jobs are hard, but they perform them with dignity and commitment, and do the best they can to provide for their families. It is time for them to get a raise.

An additional large number of minimum wage earners who are women work directly with children in child care and as teachers aides. They deserve more respect for the care that they give the Nation's children, the 52 million children, that are in our K through 12 across this Nation. With all the challenges that they are facing, it is time they get a raise.

Another major industry that employs large numbers of women just above the minimum wage is in the health care area, especially the occupations of nurses' aides, home care aides. They are some of the most difficult jobs in our society, caring for the sick and the helpless, washing them, feeding them, cleaning their bedpans. It is time they get a raise.

What will the minimum wage increase mean for a family living in poverty? We mentioned what it means in groceries, what it means in health care costs, including prescription drugs, out-of-pocket expenses, utility bills or basic housing costs lasting for a period of some 4 months. All of that has been mentioned.

Mr. President, a point that we will hear, I am sure, later this afternoon, "We are opposed because they really are the wealthy teenagers that are involved in this program. They are not really people involved in the minimum wage." We will also hear, as I have already heard during the course of this debate, that question about whether this increase in the minimum wage helps minorities in the workplace.

Based on census data of 1.5 million African-Americans between \$4.25 and \$5.15 an hour, 17 percent of all hourly African American workers are making that minimum wage. One million are women. Raising the minimum wage will provide a modest increase for the poorest African-Americans raising children and struggling to survive. It is time for them to get a raise.

I hope those opposed to our position will minimize the amount of time they spend on this issue as being the great defenders of minorities. We heard that all the time in all the past debates.

I ask unanimous consent to have printed in the RECORD several excellent letters referencing the minimum wage.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE,  
Washington, DC, March 19, 1996.

Re Fair Minimum Wage.

DEAR SENATOR: I am writing to you today on behalf of the National Association for the Advancement of Colored People (NAACP), the nation's oldest and largest civil rights organization, in strong support of a fair minimum wage. Specifically, the NAACP seeks the swift passage of "The Working Wage Increase Act of 1995" (S.413). We have been informed that this bill may be scheduled for a Senate floor vote later this week.

This important legislation provides for an increase in the current minimum wage by 90 cents an hour, to \$5.15, over two years. It is clearly a step in the right direction to improve the income and the quality of living for all Americans through an increase in the minimum wage. This is particularly true for African Americans, who disproportionately constitute a large segment of minimum wage earners with below poverty level incomes.

Legislation increasing the minimum wage is a measure long overdue for hardworking Americans who are desperately trying to make ends meet. The real value of the minimum wage is at a forty year low. The minimum wage was first set at 25 cents an hour in 1938 under the Fair Labor Standards Act (FLSA). Moreover, Congress last raised the minimum wage with bi-partisan support in 1989 from \$3.35 an hour to \$4.25 an hour over two years.

In addition to the merits of arguments supporting an increased minimum wage, the NAACP also believes that this initiative fits squarely into the welfare reform debate. The NAACP supports meaningful welfare reform. We believe that meaningful welfare reform includes elements that encourage and support work; that hold both parents responsible for the economic support of their children; and that move poor families from dependence to economic self-sufficiency.

The NAACP maintains that Senators who are calling for welfare reform should back efforts to increase the minimum wage since, as a practical matter, the current minimum wage is a disincentive to working and an incentive to remaining on welfare.

For all of these reasons, we strongly urge you to vote in favor of S.413 when it advances to a Senate floor vote in the next few days. Thank you for your consideration of our views.

Sincerely,

WADE HENDERSON,  
Director.

NATIONAL URBAN LEAGUE, INC.,  
Washington, DC, March 19, 1996.

DEAR SENATOR: The National Urban League believes that raising the minimum wage is an eminently sensible step. It would mean affirming a pro-work, pro-family stance that should be welcomed by all who believe work should be rewarded and that ways must be found to boost the eroding incomes of low-wage workers. The Senate can take immediate action by passing the legislation that would raise the minimum wage from its current level of \$4.25 to \$5.15 an hour over two years.

The prevailing minimum wage has now reached its lowest level in 40 years. Erosion of the minimum wage is a major factor in the sharp decline in the living standards of the poorest families. A person who works full time—40 hours per week, 50 weeks per year—at the current Federal minimum wage brings home only \$8,500 for an entire year's work.

Contrary to the assumption that the prime beneficiaries would be affluent teenagers, studies reveal that only a tenth of minimum wage workers are teenagers in families with above average incomes. The typical mini-

um wage worker is an adult woman who works full time or more than twenty hours weekly. Seventy-six percent of the benefits of the increased minimum wage would go to families with below average incomes. And over a fourth of those low wage workers are black and Hispanic, therefore the impact of a higher minimum wage would have an immediate impact on minority purchasing power.

Raising the minimum wage should get bipartisan support as a way to help poor families raise their living standards and as a way to close the income gap that threatens American ideals of fairness and equality.

Sincerely,

HUGH B. PRICE,  
President and Chief  
Executive Officer.

NATIONAL HISPANA  
LEADERSHIP INSTITUTE,  
Arlington, VA, March 18, 1996.

DEAR SENATOR: The National Hispana Leadership Institute represents over 200 professional Hispanic women from throughout the United States who are leaders in their communities. These women are directors of non-profit and government agencies, political appointees, elected officials and corporate employees.

I am writing on their behalf in support of the minimum wage increase to \$5.15 over the next two years. Statistics indicate that: (1) six out of ten workers earning the minimum wage or less are women, (2) overall, more than half of low-wage women workers are mothers; of these nearly half are the sole wage earners in their families, (3) in 1995, a single mother with two children earning the minimum wage, full-time, year round earned \$8,840 annually, 27 percent below the poverty line for a family of three. The statistics noted here are even worse for Hispanic women.

It is time that this country began to take care of its families and children. Corporate profits and the salaries of CEO's continue to rise while Americans are laid off work, employee benefits cut and government services curtailed. The gap between the rich and the poor continues to increase; the rich get richer and the poor get poorer. What does that mean for the future of our country?

I urge you to vote in favor of the minimum wage increase.

Sincerely yours,

NANCY LEON,  
President.

LEADERSHIP CONFERENCE  
ON CIVIL RIGHTS,  
Washington, DC, March 19, 1996.

DEAR SENATOR: The Leadership Conference on Civil Rights, a coalition of 180 national organizations representing minorities, women, persons with disabilities, older Americans, labor, gays and lesbians, religious groups, and minority businesses and professions, would like to express its strong support for legislation that would raise the minimum wage to \$5.15 per hour.

As you know, Congress enacted the minimum wage to protect working families against poverty. However, a single mother with two children who works full time at \$4.25 per hour will find that her family remains trapped nearly 30 percent below the federal poverty level. Thus, a permanent underclass is maintained. It is incumbent upon the United States Congress to raise the minimum wage and improve the quality of life for low income workers.

A minimum wage increase would benefit many American workers. More than 12 million workers would benefit directly if Congress raised the minimum wage to \$5.15 per hour, and several million more who earn slightly more than \$5.15 per hour would expe-

rience an increase from the ripple effect that results when the minimum wage is raised.

The last minimum wage increase in 1989 received strong bipartisan support. The Senate passed the increase by a vote of 89 to 8, and the House by a vote of 382 to 37. It was signed into law by President Bush.

The Leadership Conference strongly urges you to vote for legislation to raise the minimum wage to \$5.15 per hour.

Sincerely,

RICHARD WOMACK,  
Acting Executive Director.

DOROTHY I. HEIGHT,  
Chairperson.

MEXICAN AMERICAN LEGAL DEFENSE  
AND EDUCATIONAL FUND,

Washington, DC, March 19, 1996.

DEAR SENATOR: The time has come to raise the minimum wage to a living wage. On behalf of the Mexican American Legal Defense and Educational Fund (MALDEF), I urge your support of S. 413, a proposal to raise the minimum wage to protect the nation's working families.

Today's minimum wage is at its lowest value in forty years. During this time, the purchasing power of the minimum wage has fallen to its second lowest level. The effect has been devastating to many American families, but particularly worse for Latinos. Because Latinos represent 17% of the minimum wage work force, this decline in the value of work has a severe impact on our community. Latino families are more likely to live below the poverty line, and Latino children are twice as likely to be living in poverty than non-Hispanic children.

By moderately raising the minimum wage, we will all benefit. Over a dozen empirical studies have shown that an increase in the minimum wage would not have a negative impact on employment. Instead of having the largest wage gap of any industrial country, Congress can act to keep jobs while protecting American working families against poverty.

Help lift families out of poverty and improve the lives of over 11 million American workers now dependent on minimum wage jobs. Please support S. 413.

Sincerely,

ANTONIA HERNANDEZ,  
President and General Counsel.

MIGRANT LEGAL ACTION PROGRAM, INC.,  
Washington, DC, March 18, 1996.

Re Minimum Wage Increase (S. 413).

DEAR SENATOR: We are writing to urge you to support S. 413, which would aid America's working families by increasing the minimum wage from \$4.25 to \$5.15 per hour.

If the minimum wage were to stay at its current level, it would be at the lowest level in real (inflation-adjusted) dollars in the last 40 years. The real value of the minimum wage is now 27% lower than it was in 1979, and has fallen 45 cents in real value since its last increase in April 1991. The last minimum wage increase—also 90 cents—garnered strong bipartisan support. That increase was passed by votes of 382 (including 135 Republicans) to 37 in the House and 89 (including 36 Republicans) to 8 in the Senate. Both Senator Dole and Representative Gingrich voted in favor of that increase.

Empirical evidence shows that this proposal can increase wages without costing jobs. More than a dozen studies have found that moderate increases in the minimum wage do not have significant effect on employment. These studies include state-specific research that shows that large state increases in the minimum wage did not result in significant job impacts. As Nobel Laureate Robert Solow stated, "[T]he evidence of

job loss is weak. And the fact that evidence is weak suggests that the impact on jobs is small."

The Migrant Legal Action Program works on behalf of the millions of migrant and seasonal farmworkers in the United States. An estimated 1.65 million farmworkers would benefit from the proposed minimum wage increase. Despite their critical role in providing stoop labor to prune, tend, harvest, and pack our nation's fruit and vegetables, migrant farmworkers are among the most impoverished and exploited populations in this country. At least two-thirds of all migrant farmworkers live below the poverty line. The majority of migrant farmworkers earn on average \$4.47 per hour. Research indicates that an increase in the minimum wage of \$5.15 would have a "ripple" effect, raising the wages of farmworkers who earn within 50 cents of the new minimum wage. Thus, a rise in the minimum wage would be a significant boost to the standard of living of migrant farmworkers.

We strongly urge you to support Americans' low-wage workers, including farmworkers, by voting in favor of S. 413.

Sincerely,

ROGER C. ROSENTHAL,  
*Executive Director.*

Mr. KENNEDY. Mr. President, excerpts from the excellent statement from the NAACP state:

It is clearly a step in the right direction to improve the income and the quality of living for all Americans through an increase in the minimum wage. This is particularly true for African Americans, who disproportionately constitute a large segment of minimum wage earners with below poverty level incomes. . . . For all of these reasons, we strongly urge you to vote in favor of S. 413. . . .

"The National Urban League," the same, "believes that raising the minimum wage is an eminently sensible step. It would mean affirming a pro-work pro-family stance that should be welcomed by all who believe work should be rewarded \* \* \*"

This continues with the National Hispanic Leadership Institute: "It is time that this country began to take care of families and children."

This is a women's issue. It is an issue of justice. It is a children's issue. Mr. President, it is a family issue—a family issue.

I will not take the time of the Senate now to recount the stories that we heard during our forums on the increase in the minimum wage, where we find a father and a mother not just having one minimum wage job, but each having two minimum wage jobs—two minimum wage jobs. When they testified or told us about their life's experience, they did not complain about working hard. They did not complain about backbreaking hours or hard, difficult, dreary work that is repetitive in so many ways. They did not complain. Their principle complaint was they did not have enough time with their children, that they did not see their children together, that the only time they see their children together is perhaps for a few hours on a Sunday. They always saw their children apart. We heard that time in and time out, Mr. President.

I hope we will not hear a lot of arguments about families, which we always

do, and then when we have something that can make a real difference in terms of families, we find opposition to it. This is a families issue. It is a mother's issue, a child's issue, an issue of justice and fairness, an issue of identifying and rewarding work. It is family issue, and it is an economic issue for the reasons I outlined, in saving the taxpayer.

It goes on, Mr. President. Another letter, from MALDEF:

The time has come to raise the minimum wage to a living wage.

Mexican American Legal Defense and Educational Fund, the Leadership Conference on Civil Rights, Migrant Legal Action Program, all excellent letters. I hope those who come out in opposition, who say, "We do not want to see a great dislocation of jobs," this opens an opportunity for minorities, blacks, and browns. The organizations that speak to them and the individuals that speak on this issue overwhelmingly support an increase.

Nowhere in America is there higher support than among those that are receiving the minimum wage, even when all the arguments are made, and I think inappropriately, about the dangers to those individuals—their jobs. I will come back to that issue.

Mr. President, this is a public health issue, as shown in a recent study by the Harvard School of Public Health and published in the British Medical Journal. Income inequality is a major public health problem. Measures such as raising the minimum wage, reducing the gap between the rich and poor will have a beneficial impact on the Nation's health. Findings show that reducing the income gap is correlated with mortality, even after adjusting for age and smoking. It is especially correlated with infant mortality, coronary heart disease, cancer, homicide, higher mortality from treatable diseases. One striking result is that the relationship between income inequality and mortality rates remained even after controlling for poverty. Greater income inequality was actually correlated with increased mortality rates for all income levels, not only for the poor.

So, Mr. President, for those that are opposed to the position we have advanced here this afternoon about what the impact of this is going to be on employment, we have included the series of studies on the impact on employment. I will come back to those issues in just a few moments, but these are some of the most recent studies, seven recent minimum wage studies on the impact of our increase in the minimum wage and what it would have on employment. These are the subjects of the study: New Jersey, Pennsylvania fast food restaurants, minimum wage raised to \$5.05 in April 1992; increase in the wage, 11 percent. Did employment go down? No, employment goes up.

Right across the chart, Texas fast food restaurants, minimum wage rises to \$4.25 in 1991. Mr. President, Texas

has one of the highest numbers of people that would benefit with this increase in minimum wage. Wages go up 8 percent, and employment up 20 percent.

It goes on. California teenagers, minimum wage rises in 1988, 10 percent in wages, employment up 12 percent. Cross-State teenagers, cross-State workers with low-predicted wages from 1989 to 1992—we see the numbers constantly go up. And you can say, Mr. President, even the study with the 101 economists, 3 Nobel laureates, in their study—I am referring now to the leading economists for the higher minimum wage, Nobel laureates, with 101 signers of a statement backing a 90-cent hike over 2 years. I will include the whole statement on it. It is only 2 pages long. It says:

Most policies to boost the income of low-wage workers have positive and negative features. The minimum wage is an important component of the set of policies to help low-wage workers. It has key advantages, including that it produces positive work incentives \* \* \* For these and other reasons, such as its exceptionally low value today, there should be greater reliance on the minimum wage to support the earnings of low-wage workers.

We believe that a Federal minimum wage can be increased by a moderate amount without significantly jeopardizing employment opportunities. A minimum wage increase would provide a much-needed boost to the incomes of many low- and moderate-income households. Specifically, the proposed increase in the minimum wage of 90 cents over a 2-year period falls within the range of alternatives where the overall effects on the labor market, affected workers, and the economy would be positive.

I ask unanimous consent that the entire document be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Center on Budget and Policy Priorities, Oct. 2, 1995]

LEADING ECONOMISTS CALL FOR HIGHER MINIMUM WAGE

THREE NOBEL WINNERS AMONG 101 SIGNERS OF STATEMENT BACKING 90-CENT HIKE OVER TWO YEARS

An eminent group of economists—including three recipients of the Nobel Prize in Economics—have endorsed an increase in the federal minimum wage in a statement released today.

Among the 101 signatories of the statement are seven past president of the American Economics Association and experts in disciplines ranging from labor markets and industrial relations to income distribution and poverty. Their statement was released by two Washington-based research organizations, the Center on Budget and Policy Priorities and the Economic Policy Institute.

The statement notes that "After adjusting for inflation, the value of the minimum wage is at its second-lowest annual level since 1955. The purchasing power of the minimum wage is 26 percent below its average level during the 1970s . . ." The purchasing power of the minimum wage reached its lowest level right before the last increase in 1990.

"We believe that the federal minimum wage can be increased by a moderate amount without significantly jeopardizing employment opportunities . . . Specifically, the proposed increase in the minimum wage of 90

cents over a two-year period falls within the range of alternatives where the overall effects on the labor, market, affected workers and the economy would be positive," the economists' statement continues. (Such an increase has been proposed this year in both the Senate and the House of Representatives.)

The statement's release comes as Congress is actively considering reductions in the Earned Income Tax Credit. Workers who are affected by a stagnant minimum wage are in large part the same people who would be hurt by proposed EITC cuts.

Opponents of a higher minimum wage sometimes claim that economic opinion is settled against any increase. The statement shows that this claim is inaccurate; there is substantial support within the Economics profession for a moderate increase.

The three Nobel winners backing the minimum wage increase are Kenneth J. Arrow of Stanford, Lawrence R. Klein of the University of Pennsylvania, and James Tobin of Yale. Each has served as president of the American Economics Association. The other AEA past presidents signing the statement are Moses Abramovitz of Stanford, Robert Eisner of Northwestern, John Kenneth Galbraith of Harvard, and William Vickrey of Columbia.

#### STATEMENT OF SUPPORT FOR A MINIMUM WAGE INCREASE

As economists who are concerned about the erosion in the living standards of households dependent on the earnings of low-wage workers, we believe that the federal minimum wage should be increased. The reasons underlying this conclusion include:

After adjusting for inflation, the value of the minimum wage is at its second lowest annual level since 1955. The purchasing power of the minimum wage is 26 percent below its average level during the 1970s.

Since the early 1970s, the benefits of economic growth have been unevenly distributed among workers. Raising the minimum wage would help ameliorate this trend. The positive effects of the minimum wage are not felt solely by low-income households, but minimum wage workers are overrepresented in poor and moderate-income households.

In setting the value of the minimum wage, it is of course appropriate to assess potential adverse effects. On balance, however, the evidence from recent economic studies of the effects of increases in federal and state minimum wages at the end of the 1980s and in the early 1990s—as well as updates of the traditional time-series studies—suggests that the employment effects were negligible or small. Economic studies of the effects of the minimum wage on inflation suggest that a higher minimum wage would affect prices negligibly.

Most policies to boost the incomes of low-wage workers have both positive and negative features. And excessive reliance on any one policy is likely to create distortions. The minimum wage is an important component of the set of policies to help low-wage workers. It has key advantages, including that it produces positive work incentives and is administratively simple. For these and other reasons, such as its exceptionally low value today, there should be greater reliance on the minimum wage to support the earnings of low-wage workers.

We believe that the federal minimum wage can be increased by a moderate amount without significantly jeopardizing employment opportunities. A minimum wage increase would provide a much-needed boost in the incomes of many low- and moderate-income households. Specifically, the proposed increase in the minimum wage of 90 cents over a two-year period falls within the range

of alternatives where the overall effects on the labor market, affected workers, and the economy would be positive.

Mr. KENNEDY. It is not only these economists and others. I was interested in Business Week not long ago, May 20, 1996—I will include this in the RECORD—a commentary on "Minimum Wage Argument You Haven't Heard Before." This is Business Week. We all hear a lot about the AFL-CIO supporting the increase. Here is a very interesting thing. We have the economists, and you have DRI, the econometric study up at the Wharton School, one of the most respected computer analyses in terms of economic forecasts estimated. The most they saw would be a 20,000 job loss for the minimum wage.

So you are talking negligible. You have other studies in here. There is the New Jersey-Pennsylvania study, which showed that it increased employment because people not in the wage market saw that they could get a livable wage and went back in. So the total number of workers that were working increased. Therefore, their taxes for their local communities, State and Federal increased as well.

Mr. President, in this "Minimum Wage Argument You Haven't Heard Before"—I will include it all—it says:

As long as it's not overdone, lifting the minimum wage may create overall economic gains that outweigh any short term job loss. In fact, if it keeps productivity rising, slowly boosting labor prices may actually be good for the economy in the long run. "Most economists oppose the minimum wage because they haven't thought through the connection to productivity," says Northwestern University economist Robert J. Gordon.

If this argument is correct, raising the minimum wage might not hurt the economy and could even pay for itself. Economists have preached the virtues of productivity growth since the Luddites and before. But the extra efficiency lowers prices, so consumers buy more goods and expand output—and the economy gains in the long run.

"... If raising the minimum spurs technical innovations, it could make a real difference in productivity and leave the economy better off," says David B. Neumark, a Michigan State University economist.

I ask unanimous consent that this article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### A MINIMUM-WAGE ARGUMENT YOU HAVEN'T HEARD BEFORE

(By Aaron Bernstein)

Most economists dislike the minimum wage for a simple reason: Raise the price of anything, whether it's lettuce or labor, and buyers can afford less of it. Such elementary logic convinces economists that jacking up the wage floor prices some workers out of a job.

But there's more to the subject than that. Because the relative prices of labor and capital influence corporate investment decisions, minimum-wage levels may affect productivity. If pay rates fall, employers have a greater incentive to buy labor instead of new technology. As a result, productivity growth, the key to higher living standards, slacks off. By the same token, raising pay can spur efficiency.

#### PAY FOR ITSELF?

As long as it's not overdone, lifting the minimum wage may create overall economic gains that outweigh any short-term job losses. In fact, if it keeps productivity rising, slowly boosting labor prices may actually be good for the economy in the long run. "Most economists oppose the minimum wage because they haven't thought through the connection to productivity," says Northwestern University economist Robert J. Gordon.

The best way to see his point is to look at productivity growth, which has slumped to about 1% a year since 1973 from 3% in prior decades. One reason for the decline is the shift in prices of labor and capital, says Gordon and other economists. Baby boomers and women flooded the economy with cheap labor in the 1970s, they argue, and then the prices of capital exploded in the 1980s, when interest rates went through the ceiling. The result: Employment boomed in low-wage service industries, but productivity sagged as new technology became more pricey. "This is one possible explanation for the slowdown in technological progress," says Paul M. Romer, a productivity expert at the University of California at Berkeley.

If this argument is correct, raising the minimum wage might not hurt the economy and could even pay for itself. Economists have preached the virtues of productivity growth since the Luddites and before. Yes, jobs are lost when employers swap technology for labor. But the extra efficiency lowers prices, so consumers buy more goods and expand output—and the economy gains in the long run. Economists applaud fast-food chains that install automated french-fry cookers and lay off workers. Why should the result be different just because the employer was jolted into action by higher labor costs?

Of course, a minimum wage pegged too high would be a problem. A minimum of \$13 an hour, say—the average wage for the economy as a whole—would be a disaster. Everyone still working would be in high-wage, more productive jobs, so the economy would produce more per worker. But half the workforce would be unemployed, so total output would collapse.

#### EDUCATION

One solution: peg the minimum wage to a fixed percentage of average wages. That way, employers have a steady incentive to search out the most efficient methods of doing business. Yet the incentive isn't likely to become a hurdle that companies can't figure out how to overcome. "If raising the minimum spurs technical innovations, it could make a real difference in productivity and leave the economy better off," concedes David B. Neumark, a Michigan State University economist who writes on the minimum wage.

Neumark and other skeptics still oppose an increase, however, because they doubt that the economic gains would materialize. Their fear: some low-skilled workers will never work again. If so, efficiency gains might not offset the output lost from their labor.

That's why setting a wage floor in today's high-skills economy must be combined with policies aimed at helping young people—who comprise half of all minimum-wage workers—to complete their schooling or vocational training. "Yes, raising the minimum would lift productivity, but then you have to help those on the bottom to keep up," says Harvard University economist Dale W. Jorgenson.

A rising wage floor may boost living standards. It also ensures that low-wage workers aren't left behind. That's good for the economy and society alike.

Mr. KENNEDY. Mr. President, something that I think may have had some

impact over the history of these debates on the increase in the minimum wage is that we found that Republican Presidents like General Eisenhower, President Nixon, and George Bush all supported increases in the minimum wage. That is why so many of us are startled by the fact that there has been such extraordinary opposition to this whole effort to get an increase in the minimum wage.

For the reasons I have outlined here before, Republican Presidents have supported this. In 1989, Speaker GINGRICH AND BOB DOLE supported it. Yet, we have had this extraordinary difficulty in gaining support for an increase in the minimum wage.

Now, Mr. President, let us take not just the studies that have been done in reviewing past increases, but let us take the most recent examples of increases in the minimum wage and what happened in the States that have seen some increase in the minimum wage. State experiences also prove that minimum wage does not kill jobs.

Both Vermont and Massachusetts raised their State minimum wage to \$4.75 in January of this year, while our neighbors in New Hampshire and New York did not. What happened since then? Have we lost jobs in Massachusetts and Vermont? Far from it. Since January, when these States raised their minimum wage, unemployment in both Massachusetts and Vermont has fallen. We have not lost jobs, we have added them. In fact, unemployment fell where the minimum wage was increased and rose where the minimum wage was frozen at \$4.25.

Giving working Americans a living wage will not cost jobs. Making all employers pay a living wage will not cost jobs. The minimum wage law in Massachusetts does not exempt businesses with sales of \$500,000 or less, and neither does the minimum wage law in Vermont.

Is the minimum wage a serious problem for small business? No, it is not. The studies cited by the Small Business Administration show that only 7 percent of small businesses consider the minimum wage a critical problem. Even a survey prepared by the National Federation of Independent Businesses, which every Member of this body knows is such an advocate in terms of small business, ranked the minimum wage as 62d in importance—62d in importance—out of 75 issues.

Another study, funded by the NFIB Foundation, revealed that even among the smallest of small business—those with less than 10 employees—only 6 percent considered the minimum wage a critical problem.

So, Mr. President, you can see that the States in the most recent times this year that have increased the minimum wage have not lost employment. The results are very similar to what the various studies have shown, that in a number of instances—not all, but in many instances—the increase in the minimum wage has attracted more people into the job market.

You have the outstanding economists that have recognized that an increase in the minimum wage would have effectively a de minimus, negligible impact in terms of the job market. DRI, one of the most respected econometric models, has found that in this most recent analysis that it is a virtually negligible loss of employment. And you find that the States have actually seen an increase in the minimum wage in the last several months. They have not seen a decline in the employment. They have actually seen an increase in the total number of employment.

Mr. President, we are all aware of the stark disparity in compensation in the workplace. The news is full of stories about huge compensation packages for CEO's, and a recent study done by Pearl, Meyer & Partners, a New York compensation consulting fund, found the compensation of CEO's in 30 major companies was 212 times higher than the pay of the average American worker.

Again and again, the financial pages tell the story of the shocking disparity between CEO compensation and pay for the average employees. On April 9, for example, a Washington Post study reported the \$65 million compensation package for the CEO of Green Tree Financial Corp.

On that same day the Wall Street Journal published an 18-page section devoted solely to executive pay and the way it has risen through the roof. High-flying executive wages have risen through the roof. High-flying compensation packages like these are increasingly common, and they stand in stark contrast to the minimum wage that has been stuck in the basement for the last 5 years.

Mr. President, one of the groups that is strongest in opposition to the increase has been the food industry and restaurants which have developed a special provision in this Republican proposal as well so they effectively can circumvent any increase in the minimum wage, even though half of the women who work in restaurants across the country take on average \$250 home a week. With their dependents you see that they are well below the poverty program. The restaurant industry has been able to carve out their own kinds of protection on it. We have gone through that. I will either take time tomorrow, or later to go through this in greater detail.

But I was particularly interested in looking through the compensation for those in the restaurant industry. What you find is this extraordinary explosion and increase in the salaries of those in the restaurant industries. They have increased dramatically, and no one is begrudging that they are doing very well in terms of the payments. But I daresay it is not very convincing when we hear about the problems the restaurant industry is having, and we see the total work force increasing, the profits going up, and the increase in the CEO's of these various food chain

and food restaurant chains—low-wage fast-food restaurants—that are the strongest in opposition to this. We see that their salaries and compensation is going right up through the roof in spite of the fact that by and large most of them have had very, very substantial profits over the period of these recent years—significant profits; dramatic increase in the compensation of the CEO's; and effectively blind opposition to any increase in the minimum wage.

Mr. President, I will maybe go into that in greater detail as we have a chance to go through the debate.

Our Democratic Senators say raise the minimum wage. Our Republicans say let them eat cake. At best the last minimum wage was a very minimum wage. The minimum wage which you can have is effectively the minimum-minimum wage.

What possible rationale can there be for forcing millions of Americans to continue to work, as everyone knows, for wages so low that they cannot support a family? Republicans say the reason is to save jobs. But the fact is the modest increase we are proposing will not cause job loss and may even lead to an increase in employment.

One reason for that result is reflected in the analysis that Salomon Bros. recently released in a U.S. Equity Research Report of April 22, 1996. Salomon Bros. predicted that retail businesses would benefit from an increase in the minimum wage due to the enhanced purchasing power.

This is not a publication by the AFL-CIO. Here is Salomon Brothers' study of April 22, 1996.

We believe that many retailers, especially discounters, would benefit from an increase in the minimum wage due to the enhanced purchasing power you create for many lower income consumers.

It is interesting that that concept has finally been accepted. Henry Ford understood it at the very beginning of the production of Fords. He understood that the only way he was going to sell his product was to give a decent enough wage so his workers could afford it. That is a lesson that we are coming back to.

So, Mr. President, we have other reasons from the business community that has indicated what their assessment about the impact of the minimum wage is.

So when we come out here later on this afternoon and tomorrow and say, "Well, enormous job loss, inflation loss," the best estimate is that the impact of inflation is one-tenth of 1 percent.

Mr. President, in spite of the sensible studies like this, The National Restaurant Association claims that a minimum wage increase would be a job killer even though the restaurant industry has seen enormous employment growth since the last minimum wage. In fact, the actual experience of the restaurant industry shows the minimum wage increase would be good for business and good for the economy. For



3 years, before the two-step minimum wage in 1990-91, employment growth in the restaurant industry was falling along with the real wages of minimum wage workers. Restaurant industry growth in employment growth fell from 3.1 percent in 1987 to 2.8 percent in 1988, 2.3 percent in 1989, and 1.7 in 1990.

This is the decline in the growth of, annual employment growth, "Eating and Drinking Establishments." It is very interesting that it was in 1990 when the minimum wage went in, in 1991. After the last minimum wage actually went in, we see this dramatic increase in terms of employment. Nonetheless, we just had an enormous 800,000 new jobs in the industry from 1991 to 1995. That is what our Republican friends call "job killing."

I say let us have more of it.

With respect to the Republican proposal for the small business subminimum, it is critical to remember that the last minimum wage increase took effect 5 long years ago. The coverage was expanded at the time to include employees and small restaurants who formally had been excluded. According to the Republican dogma, that expansion should have compounded the job killing effect of the increase. But it did not. Instead, the restaurant industry has enjoyed greater job growth, record profits, mind boggling increases in CEO pay. A subminimum wage is not needed. Small businesses do not need it, and their employees do not deserve that harsh and unfair treatment.

It is no wonder that America is growing apart as a Nation when so much effort is being expended to help those at the top of the ladder while ignoring the families at bottom of the ladder.

By lifting families out of poverty, an increase in the minimum wage of \$5.15 an hour has additional benefits to society in terms of saving expenditures under the safety net.

Regrettably, our Republican colleagues continue to try to do all they can to undermine a fair increase in the minimum wage. At every turn, wherever they can, they take away the protection of minimum wage from various groups of workers and delay increases. That is what they try to do. Their goal is to see that any bill that passes leaves us with the result that more people are hurt than helped by the legislation. And that is what the Republican amendment would do.

First, they want to put off any raise until January 1, 1997, at the earliest. That means for another 6 months minimum wage workers will go without a raise as they already have for more than 5 years. They will be denied approximately \$500 more in additional pay they would receive over the next 6 months—\$500 they could have to buy medicine for children, new school clothes, Christmas presents. Surely our Republican colleagues must find this kind of meanness embarrassing.

Next, the Republican opponents to the minimum wage propose to create a

subminimum wage for any worker who takes a job with a new employer. At least the House of Representatives targeted that on teenagers. And then they had a shorter period of time of 90 days. But they had it on teenagers. This is 160 days. And grownups, even if you have been a laid-off skilled worker that has worked for 20 or 30 years, for the first 6 months you are not going to get any increase. Our Republican friends know that about 40 percent of those that get the minimum wage are rotating every year.

So effectively it excludes anywhere from 40 to 45 percent of the total individuals that would be eligible for a minimum wage increase. At least they are true enough more than the last time in 1989 when they called this job training, except there was no requirement that any worker get an hour of training or an hour of education—no requirement on the employers at all. They just say that we need to have them have job training and education on that program because there was no requirement at all that they have it. Now we are talking for a period of 6 months. If you move from one job to another job, which so many of the workers do, you would be excluded. You come to the second job, and you start off there. They say for 6 months you do not get an increase above \$4.25. Does not anyone think that might be an incentive for the employer to dismiss those workers? Of course, it will be. Of course, it will be.

I hope our Republican friends will talk to that issue. It will be an additional incentive to dismiss those and hire some others for the \$4.25 and save themselves 20 or 22 percent on the employment of those people. But the American people are beginning to understand this issue, and hopefully Senators will reflect their views tomorrow when we will vote on this issue.

What they call an "opportunity" wage is really only an opportunity for the employer. It is not an opportunity for the employee. It is an opportunity for the employer to say that after 6 months you are dismissed, and I am going to bring somebody else in here and pay them \$4.25. That is what the opportunity wage under the Bond amendment is really all about.

Mr. President, people that will be hurt most by this are the downsized, the laid-off workers who cannot find jobs equivalent to the job they lost. Not only will they endure the indignity of having their wages fall to the minimum, they will find themselves falling to a subminimum wage as well.

This past year has been a time of economic expansion and relative prosperity for the economy as a whole. But again and again, we see stories of white- and blue-collar workers laid off after long careers in good jobs. Many of these workers have found themselves forced to accept minimum-wage jobs after being laid off by a downsizing employer.

The Republican answer to their pain is to make it even more painful so that

these workers fall even further and suffer even deeper financial loss.

Minimum-wage jobs are the least skilled jobs. They are jobs for which little or no job training is needed—at most, a few hours or days. Yet, the Republican amendment doubles the duration of the subminimum wage in the House bill, from the 90 to 180 days—far beyond any reasonable training period or try-out period.

There is no good reason for this harsh proposal.

What they have done is to say, look, we have the opportunity wage of 180 days, 6 months. So that will affect probably 40 percent. Then we cut out the restaurant industry employees from being able to participate. That is going to be another several hundreds of thousands of workers. And then they delay the implementing date. That is going to save the industries hundreds of millions of dollars in terms of wages paid out. Gradually through all of this, with the larger carve-out of any small business under \$500,000—and those could be as high as 10 million—if you put all of these together, they will be able to say, look, we voted for an increase in the minimum wage.

The American people are going to understand that that is basically devious, deceptive and demeaning, I think, any argument that they are basically for any increase for these working families. Rather than just give us an opportunity to vote on this up and down, no, we cannot. We will have an opportunity, but it will certainly be clouded by this attempt to try to say, look, you can have it both ways. You can have a vote for the minimum wage, and yet you will also protect these various special interest groups. In fact, in the real Republican view, the only good minimum wage is no minimum wage. They would repeal it if they could.

It is so interesting to me that in the period of these past months we have seen the attempts to dismantle the Medicare Program, the assaults that have been made on Social Security, and they have been made on Social Security, although our Republican friends will not say it, because Medicare is a part of Social Security; we can point that out, and it has been pointed out during the course of the previous debate and will again on the various budget issues. So they are opposed to Social Security, opposed to Medicare, and opposed to an increase in the minimum wage, those three essential items which have been such lifelines to millions of American families, to working families, to the elderly people in this country who have toiled and worked so hard for a better America.

The subminimum wage in the House-passed bill is bad enough. It applies only to teenagers. Many of the 18- and 19-year-olds need a living wage as much as any adult, especially if they are young welfare mothers willing to work for a living. The notion that they need training for 3 months in jobs like burger flipping or bagging groceries is absurd.

The Senate Republican proposal is even more objectionable because it imposes a longer subminimum wage.

We will, hopefully, have a chance to respond to points that will be raised by our Republican friends in justification of their proposal perhaps later on this afternoon. I have not taken the time of the Senate to go through other provisions of this bill that has been coupled with the small business tax relief. In fact, the benefits of this bill to businesses are enormous. It provides \$15 billion in tax breaks to businesses over a 10-year period. For all the time that we have been talking about the deficit, I hope we are going to hear from our Republican friends as to where they are getting that \$15 billion.

Sure, we ought to try to provide some help and relief to the smallest businesses that may be affected, but this is \$15 billion that someone is going to have to make up somewhere. Someone is going to have to make it up. Add that to the deficit. Add that to the deficit, or at least respect the intelligence of the American people sufficiently to tell us how you are going to offset that. And can anyone believe that business is being hurt, not helped, with this legislation? Yet, the Senate is knee-deep in crocodile tears shed by Republicans who feel that business is being hurt.

Small business can now deduct up to \$17,000 in expenses for new investment in a year the investment is made rather than deducting it over the life of the investment as the normal accounting rules require. This bill would gradually increase the deduction to \$25,000. It goes on.

The bill opens up a loophole for corporations that we successfully closed in 1993.

In the 1993 reconciliation act, multinational corporations were required to pay taxes on excess profits and cash on hand from their operations in foreign countries. This provision was the first step needed to close the runaway plant loophole, and it reduced the tax incentives that encouraged U.S. companies to move jobs overseas. That was closed down in 1993, and it is being reopened again—a provision that will provide tax incentives to move American jobs overseas.

This bill provides tax breaks for business owners who run convenience stores with gasoline outlets. It provides tax breaks to banks and investment companies, tax credits to small wineries, helps farmers located in empowerment zones. It goes on. Yet they attempt to deny a fair increase in the minimum wage to millions of low-income Americans. There is no justification for denying even one working American the right to a living wage.

So Senators who preach about family values should practice family values, too. This is our chance to speak to the people who struggle the hardest to make ends meet, to abide by the work ethic, who believe in the American dream of working hard in order to get

ahead, yet who find themselves slipping farther and farther behind, no matter how hard they try. We know the hardships they face.

In one family I met last year, the husband works 30 to 35 hours a week at \$4.25 for a pizza chain. He works split shifts and evenings. His wife works 40 hours a week at a similar wage. She staggers her work hours so she or her husband can be home to take care of their young children. They have no health coverage. They cannot afford child care, let alone a medical savings account. Because they work different hours, they are rarely able to spend time together, and they worry about trying to save to send their children to college because both of them are still paying off loans for the 1 year of college they attended.

Large numbers of minimum wage workers have similar stories. They are bright, hard-working Americans often with high school educations and dreaming of a brighter future, but they are barely scraping by because the law allows their work to be undervalued and underpaid.

I urge the Senate to do the right thing for them, for the 13 million other Americans who will get a raise if this amendment is approved. Now is the time to make the minimum wage a fair wage. No one who works for a living should have to live in poverty.

Mr. President, I ask unanimous consent, in addition to those articles and periodicals I referred to in my statement, to have printed in the RECORD a "List of Signatories to Economists Statement of Support for a Minimum Wage Increase."

There being no objection, the list was ordered to be printed in the RECORD, as follows:

SIGNATORIES TO ECONOMISTS STATEMENT OF SUPPORT FOR A MINIMUM WAGE INCREASE  
 Aaron, Henry—Brookings Institution.  
 Abramovitz, Moses—Stanford University.  
 Allen, Steven G.—North Carolina State University.  
 Altonji, Joseph G.—Northwestern University.  
 Appelbaum, Eileen—Economic Policy Institute.  
 Arrow, Kenneth J.—Stanford University.  
 Bartik, Timothy J.—Upjohn Institute.  
 Bator, Francis M.—Harvard University.  
 Bergmann, Barbara—American University.  
 Blanchard, Olivier—Massachusetts Institute of Technology.  
 Blanchflower, David—Dartmouth College.  
 Blank, Rebecca—Northwestern University.  
 Bluestone, Barry—University of Massachusetts Boston.  
 Bosworth, Barry—Brookings Institution.  
 Briggs, Vernon M.—Cornell University.  
 Brown, Clair—University of California at Berkeley.  
 Browne, Robert S.—Howard University.  
 Burtless, Gary—Brookings Institution.  
 Burton, John—Rutgers University.  
 Chimerine, Lawrence—Economic Strategy Institute.  
 Danziger, Sheldon—University of Michigan.  
 Darity, William Jr.—University of North Carolina.  
 DeFreitas, Gregory—Hofstra University.  
 Diamond, Peter A.—Massachusetts Institute of Technology.

Duncan, Greg J.—Northwestern University.  
 Ehrenberg, Ronald A.—Cornell University.  
 Eisener, Robert—Northwestern University.  
 Ferguson, Ronald F.—Harvard University.  
 Faux, Jeff—Economic Policy Institute.  
 Galbraith, James K.—University of Texas at Austin.  
 Galbraith, John Kenneth—Harvard University.  
 Garfinkel, Irv—Columbia University.  
 Gibbons, Robert—Stanford University.  
 Glickman, Norman—Rutgers University.  
 Gordon, David M.—New School for Social Research.  
 Gordon, Robert J.—Northwestern University.  
 Gramlich, Edward—University of Michigan.  
 Gray, Wayne—Clark University.  
 Harrison, Bennett—Harvard University.  
 Hartmann, Heidi—Institute for Women's Policy Research.  
 Haveman, Robert H.—University of Wisconsin.  
 Heilbroner, Robert—New School for Social Research.  
 Hirsch, Barry T.—Florida State University.  
 Hirschman, Albert O.—Princeton University.  
 Hollister, Robinson G.—Swarthmore College.  
 Holzer, Harry J.—Michigan State University.  
 Howell, David R.—New School for Social Research.  
 Hurley, John—Jackson State University.  
 Jacoby, Sanford M.—University of California at Los Angeles.  
 Kahn, Alfred E.—Cornell University.  
 Kamerman, Sheila B.—Columbia University.  
 Katz, Harry C.—Cornell University.  
 Katz, Lawrence—Harvard University.  
 Klein, Lawrence R.—University of Pennsylvania.  
 Kleiner, Morris M.—University of Minnesota.  
 Kochan, Thomas A.—Massachusetts Institute of Technology.  
 Lang, Kevin—Boston University.  
 Lester, Richard A.—Princeton University.  
 Levy, Frank—Massachusetts Institute of Technology.  
 Lindbloom, Charles E.—Yale University.  
 Madden, Janice F.—University of Pennsylvania.  
 Mangum, Garth—University of Utah.  
 Margo, Robert—Vanderbilt University.  
 Markusen, Ann—Rutgers University.  
 Marshall, Ray—University of Texas at Austin.  
 Medoff, James L.—Harvard University.  
 Meyer, Bruce—Northwestern University.  
 Minsky, Hyman P.—Bard College.  
 Mishel, Lawrence—Economic Policy Institute.  
 Montgomery, Edward B.—University of Maryland.  
 Murnane, Richard J.—Harvard University.  
 Musgrave, Peggy B.—University of California at Santa Cruz.  
 Musgrave, Richard A.—University of California at Santa Cruz.  
 Nichols, Donald—University of Wisconsin.  
 Ooms, Van Doom—Committee for Economic Development.  
 Osterman, Paul—Massachusetts Institute of Technology.  
 Packer, Arnold—Johns Hopkins University.  
 Papadimitriou, Dimitri B.—Jerome Levy Economics Institute.  
 Perry, George L.—Brookings Institution.  
 Peterson, Wallace C.—University of Nebraska at Lincoln.  
 Pfeifer, Karen—Smith College.

Piore, Michael—Massachusetts Institute of Technology.

Polenske, Karen—Massachusetts Institute of Technology.

Quinn, Joseph—Boston College.

Reich, Michael—University of California at Berkeley.

Reynolds, Lloyd G.—Yale University.

Scherer, F.M.—Harvard University.

Schor, Juliet B.—Harvard University.

Shaikh, Anwar—Jerome Levy Economics Institute.

Smeeding, Tim—Center for Advanced Study in the Behavioral Sciences.

Smolensky, Eugene—University of California at Berkeley.

Stromsdorfer, Ernst W.—Washington State University.

Summers, Anita A.—University of Pennsylvania.

Summers, Robert—University of Pennsylvania.

Tobin, James—Yale University.

Vickrey, William—Columbia University.

Voos, Paula B.—University of Wisconsin.

Vroman, Wayne—Urban Institute.

Watts, Harold—Columbia University.

Whalen, Charles J.—Jerome Levy Economics Institute.

Wolff, Edward—New York University.

#### SMALL BUSINESS EXEMPTION

Mr. KENNEDY. Finally, Mr. President, an op-ed article in today's USA Today by Jack Faris, president and CEO of the National Federation of Independent Business, perpetuates the fallacy that Congress acted by mistake in 1989 when it increased the small business exemption under the so-called enterprise coverage test, but failed to do so for the so-called individual coverage test. In fact, Congress was well aware of the effect of its actions in 1989. There was no mistake.

Since the beginning, the minimum wage has covered large numbers of workers engaged in interstate commerce, regardless of the size of the firms they work for.

In fact, the original minimum wage, enacted in 1938, contained only the individual coverage test. That coverage was based on the view that Congress had broad power under the commerce clause of the Constitution to protect workers even in the smallest firms, as long as the workers were involved in interstate commerce.

From 1938 to 1961, coverage was based only on that principle—individual coverage—a case-by-case, worker-by-worker analysis as to whether the actual work involved interstate commerce.

At the beginning, the minimum wage also contained numerous exemptions based largely on policy decisions and interest group pressures. In some cases, entire industries or occupations were excluded from coverage. In the years since 1938, the major goals of Congress have been not only to increase the purchasing power of the minimum wage—or at least prevent a decline in its purchasing power because of inflation—but also to reduce the scope of these broad exemptions.

Notwithstanding the numerous industry specific exemptions, Congress never enacted a general exemption for small businesses. Since the beginning, many workers in very small firms have

continued to be protected by the minimum wage under the individual coverage test.

In 1961, with the economy having grown rapidly in the years after World War II, and with vastly increased economic activities crossing State lines, Congress changed the definition of coverage of the minimum wage to achieve coverage in a more practical way.

The 1961 act specified that all workers in enterprises with more than a certain level of annual sales would be regarded as engaged in interstate commerce, and would therefore be covered by the minimum wage, whether or not the particular activities of individual workers in the firms involved interstate commerce. This new test of coverage was widely referred to as enterprise coverage.

The sales figure for the standard was set at various levels for various industries. For enterprises comprised exclusively of retail service establishments, the threshold for coverage was set at \$362,500. For most other industries, the threshold was \$250,000. But for hospitals, schools, public agencies, and enterprises engaged in construction, laundry, or drycleaning, the threshold was zero—all employees in those industries were covered, regardless of the size of their firm.

The addition of enterprise coverage was an expansion, not a reduction, of coverage. It was not a small business exemption from coverage—it was a large business expansion of coverage. It meant that workers in firms with sales above the threshold were protected by the minimum wage, regardless of their personal status in interstate commerce. They were covered, because their employers were involved in interstate commerce.

Under the 1961 act, workers in firms below the specified level of annual sales continued to be covered under the previous case-by-case, worker-by-worker standard, the so-called individual coverage.

One result of the broad increase in coverage by the 1961 act under enterprise coverage was the narrowing of the previous blanket exemption for workers in small retail firms and service firms. Workers in firms below the threshold in those industries for enterprise coverage continued to be exempted from individual coverage, even if they were engaged in interstate commerce. Above the threshold, workers in those industries were covered for the first time by the minimum wage.

That basic dual structure of enterprise coverage and individual coverage has continued since 1961. In 1989, Congress enacted a large increase in the threshold of coverage under the enterprise test—to \$500,000 in annual sales. That increase, if enacted by itself, would have reversed the 50-year history of expansions of coverage of the minimum wage, by excluding an estimated 3 million workers from its coverage under the enterprise test.

That reduction in coverage was unacceptable by itself—so Congress offset

the reduction by repealing the blanket exemption for workers in retail and service firms under the individual coverage test. For such firms, the pre-1961 case-by-case worker-by-worker test was reinstated. If the workers were engaged in interstate commerce, they were covered by the minimum wage.

In recent years, some, like Mr. Faris, have attempted to argue that Congress mistakenly repealed the blanket exemption for these small retail and service firms. It is clear that some Members of Congress thought they were voting for a blanket small business exemption when they voted to increase the threshold for the enterprise test to \$500,000. But those Members of Congress were ignoring the longstanding principle of individual coverage—which the 1989 act did not abandon, and for good reason.

The overall legislative history of the 1989 act makes very clear that Congress intended to repeal the exemption for small retail and service firms. Otherwise, the entire legislation would have made no sense. The large increase in the threshold for enterprise coverage would have meant that 3 million workers were no longer covered by the minimum wage. Repeal of the exemption for small retail and service firms under individual coverage expanded that aspect of coverage by about the same number of workers. That result was intended by Congress, since the expansion of individual coverage offset the reduction in enterprise coverage. Without that fundamental compromise, the 1989 act would never have been approved by Congress.

So I hope my Republican colleagues will reflect again on this legislative history, and reconsider their attempt to reduce coverage of the minimum wage by exempting so many workers from its protection. Those who work for small firms deserve an increase in the minimum wage. They have waited 5 years for a fair increase, and now is the time for Congress to enact it.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DASCHLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### THE MINIMUM WAGE

Mr. DASCHLE. Mr. President, I commend my colleague, the senior Senator from Massachusetts, for his excellent remarks this morning in discussing the important issue of the minimum wage.

Harry Truman once said: "Republicans favor a minimum wage, the minimum possible wage." I think that a lot of what was said in the 1940's may be applicable today, with a 1996 twist, which is: The minimum possible wage for the minimum number of people to