



Card and Krueger compared unemployment and wages in New Jersey and Pennsylvania. In that comparison they focused on the fast food industry (the leading employers of low wage earners and an industry that enforces the minimum wage). The Comparison of New Jersey and Pennsylvania indicated, "employment actually expanded in New Jersey relative to Pennsylvania, where the minimum wage was constant" (Card and Krueger 1995, p. 66). In additional studies that they conducted using data from other states Card and Krueger actually found a positive correlation between a higher minimum wage and employment. Table 2 presents the findings of each of the studies they ran.

Table 2: Summary of estimated employee effect from Princeton Study				
Analysis	Source of Wage Change	Nature of Comparison	Wages	Employment
1. New Jersey-Pennsylvania Fast Food Restaurants	New Jersey minimum wage rises to \$5.05	Across states and within NJ between high and low wage restaurants	+ .11	+ .04
2. Texas fast-Food Restaurants	Federal minimum wage rises to \$4.25 April	Between high and low wage restaurants	+ .08	+ .20
3. California Teenagers	California minimum wage rises to \$4.25 July 1988	Between teenagers in California and comparison areas	+ .10	+ .12
4. Cross-States Teenagers, 1989-1992	Federal Minimum Wage rises from \$3.35 to \$4.25	Across states with higher and lower fractions earning \$3.35-\$4.24 in 1989	+ .07	.00
5. Cross-States, Workers with Low Predicted Wages, 1989-1992	Federal minimum wage rises from \$3.35 to \$4.25	Across states with higher and lower fractions earning \$3.35-\$4.24 in 1989	+ .07	+ .02
6. Cross-States, Employees in Retail Trade, 1989-1992	Federal Minimum Wage rises from \$3.35 to \$4.25	Across states with higher and lower fractions earning \$3.35-\$4.24 in 1989	+ .05	+ .02
7. Cross-States, Employees in Restaurant Industry, 1989-1992	Federal Minimum Wage rises from \$3.35 to \$4.25	Across states with higher and lower fractions earning \$3.35-\$4.24 in 1989	+ .07	+ .03
Source: David Card and Alan Krueger, <i>Myth and Measurement</i> , Page 389, Chart 12.1				


States with Minimum Wage at Federal Level				
	Unemployment		Minimum Wage	
	Rate 1998	Change 97-98	1997	1998
Washington	4.7	0.06	\$5.15	\$5.15
Pennsylvania	4.4	-0.09	\$5.15	\$5.15
New Hampshire	2.9	0.00	\$5.15	\$5.15
New York	5.5	-0.11	\$5.15	\$5.15
Montana	5.5	0.02	\$5.15	\$5.15
Average	4.6	-0.02	\$5.15	\$5.15

Source: Bureau of Labor Statistics, "Local Area Unemployment Statistics,"  
<http://www.bls.gov/news.release/laus.t03.htm>

Most studies have found that the entire net effect of an increase in minimum wage results in a slight decrease in employment. A 10 percent increase would most likely lead to only a 1 percent reduction in employment. The more pressing issue is the matter of a livable wage. Even the state with the highest minimum wage does not meet the criteria for a livable wage. Over 24 cities throughout the United States have enacted a livable wage requirement, in order that people are able to meet their basic needs, such as food, shelter, heat, and clothing. This requirement has resulted in a minor cost increase for employers and a 2.2 percent decrease in employment. For a single person to meet his/her essential needs while living in Vermont, the person would need to make at least \$7.98 an hour, and for a family of four it would need to make at least \$19.82 an hour.

Berman, R. (1998). "An Open Letter: To Professors David Card and Alan Krueger." The Employment Policies Institute, Washington, D.C., US.

Bureau of Labor Statistics, "Local Area Unemployment Statistics."  
<http://www.bls.gov/news.release/laus.t03.htm>.

Card, D. E. & Krueger, A.B.(1995). *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton: Princeton University Press.

The Department of Labor (1999). "Impact On Special Minimum Wage Rates."  
<http://www.dol.gov/dol/esa/public/minwage/special.htm>

The Employment Policies Institute (1999). "The employment impact of a comprehensive living wage law: Evidence from California." [http://www.epionline.org/california\\_lw.htm](http://www.epionline.org/california_lw.htm)

McClaghry, J. "Minimum Wage Madness." Vermont Grocers' Association, June 1993.

Neumark, D. & Wascher, W. "Employment Effects of Minimum and Subminimum Wages: Reply to Card, Katz, and Krueger." Economic Activity Section, Division of Research and Statistics, Board of Governors of the

Federal Reserve, October 1993.

Neumark, D. (1998). "Do minimum wages help low-income families?" American Enterprise Institute for Public Policy Research. <http://www.aei.org>

Oregon Secretary of State,  
<http://www.sos.state.or.us/elections/nov596/voters.guide/MEASURES/MEAS36/M36.HTM>

Zycher, B. "Minimal Evidence." *Reason*, June 1995.

---

Compiled by Paul Cascio, Brian Crane, and Amen Teter on February 19, 1999, and updates by Julie Britt, Thomas Miller, and Robyn Schmidek on April 25, 2001.