The Rise of American Minimum Wages, 1912-1968

Price V. Fishback and Andrew J. Seltzer

Price V. Fishback is the APS Professor of Economics, University of Arizona, Tucson, Arizona. Andrew J. Seltzer is Professor of Economics and Economic History, Royal Holloway, University of London, United Kingdom. Their email addresses are pfishback@eller.arizona.edu and A.Seltzer@rhul.ac.uk.

Minimum wages have been among the most controversial government interventions in labor markets for more than a century. We focus on the political economy of the rise of the American minimum wage from its beginnings as state laws for women and children in the 1910s through the years when the federal minimum wage reached its peak value in real terms in the late 1960s and the coverage of the workforce became nearly complete in the early 1970s. Figure 1 documents the trend rise in the real value of the federal minimum between 1938 and 1968, as well as its decline since to levels that had been reached in the early 1950s. The rise of the minimum wage is a story in which state governments played prominent roles, shifting votes in the U.S. Supreme Court determined what was politically feasible, and economists' debates addressed common themes with evolving language and the development of more sophisticated empirical methods over time.

The states were the prime movers for the minimum wage through the 1930s, played a much larger role than previously appreciated between 1940 and 1970, and have again taken the lead role over the past 25 years. Before the late 1930s, the states led the way because they had the primary responsibility for regulating labor markets in America's federalist structure. In the 1940s, even though a federal minimum wage was then in place, the states again led the way by setting higher rates for women and children than the federal minimum wage, which had been left unchanged during the War and post-war boom. Even after the federal minimums were updated in the 1950s and 1960s, the states were setting minimums in sectors not covered by the federal law. By the early 1970s the federal coverage of sectors became nearly universal, and the state laws became less important until the mid 1990s. State and local governments have returned to the forefront over the past 25 years, raising minimum rates to counter the effects of inflation and infrequent changes in the federal minimum.

The U.S. Supreme Court largely determined the course of minimum wage laws through the 1930s in a series of close decisions that led minimum wage advocates to maintain hopes for reversals when the identities of the justices changed. Pro-minimum justices echoed institutional economists' arguments that the laws would promote the health and safety of women and children, while opposing Justices thought that they were an impingement on the Constitutional right to freedom of contract. Their decisions in the early 1900s banning hours limits for men (except in dangerous jobs) while upholding hours limits for *all* women led reformers to focus on passing minimum wages for women and children. After 15 states and Washington, D.C. enacted minimum wage laws, the Supreme Court declared them unconstitutional in a series of decisions beginning in 1923. When the Great Depression drove incomes downward, the states introduced new laws designed to avoid the constitutional flaws found by the Supreme Court, while the National Industrial Recovery Act (NIRA) of 1933 encouraged firms to negotiate with workers over hours limits and wage minimums as part of sector-specific codes. In 1935 and 1936, however, the Supreme Court struck down both the NIRA and the New York version of the female minimum wage.

The door opened for active enforcement of state minimum wage laws when Justice Owen Roberts switched his vote and the Supreme Court declared the 1913 Washington law to be constitutional in 1937. A second 1937 Court decision on a federal unionization law further paved the way for a federal minimum wage. Gallup polls documented public support for minimum wage laws that included regional differences as Congress began debating a national law. The debates in Congress were intense as southern leaders sought to maintain the cost advantage of low wages for their industries, while proponents of the bill call for the end of exploitation of "sweated" labor. The Fair Labor Standards Act (FLSA) of 1938 was a compromise that set up sector specific industry boards to set minimums, raised the minimum over several years, and left about half of the labor force uncovered.

After the passage of the FLSA, the concept of the minimum wage was supported by all Presidents until Ronald Reagan and the main issues were the level of the wage and which workers were covered by the act. Polls often showed public support for suggested increases. The purchasing power of the national minimum wage followed the sawtooth path shown in Figure 1 on an upward trend between 1940 and 1968. It jumped when each new nominal minimum was set, followed by a decline as inflation eroded its purchasing power, and then a new peak in purchasing power with the passage of a new minimum wage. State laws continued to operate alongside the Fair Labor Standards Act in the 1940s and 1950s, filling some of the gaps in coverage and also setting minimum wages for women in some sectors that were above the federal minimum for all workers. The compromises in Congress in the 1940s and 1950s focused on raising the minimum but not expanding coverage. Expansions in coverage started in 1961 and reached 77 percent of the private sector and 40 percent of the public sector workers in 1968 and nearly full coverage with the exception of small employers was reached in the late 1970s.

Debates about wage minimums among economists in the U.S. occurred in waves. The initial wave arose between 1909 and 1915 when the states were considering female minimum wages. Both institutional and neoclassical economists expected the minimums would lead to job losses for women and children and less productive individuals, but the institutional economists felt that it was better to stop subsidizing employers of this "sweated" labor and allow society to provide support for them. Further, the minimum wage would lead to a rise in productivity that could lead to an overall rise in output. The neoclassical economists tended to emphasize more the reduction in output and higher prices that might accompany the loss of jobs. A second wave of debates occurred in the 1940s after the FLSA was enacted. Advocates like Richard Lester argued that real people did not think like marginalists assumed and that higher wages would lead to increased productivity. Labor monopsony was added to the language about underpayment for workers, while macroeconomic arguments were made that minimum wages would stimulate aggregate demand. George Stigler shifted the focus of the debate to argue that the minimum wage would not achieve the goal of reducing poverty and other policies similar to the modern earned income tax credit would be more effective. The 1960s wave was empirical, touched off by a 1960 debate between Richard Lester and John Peterson over the lessons learned from BLS studies over the prior 50 years. Their discussions addressed issues like endogeneity, omitted variables, pre-trends, and difference-in-difference comparisons but they did not have the disaggregated data and econometric tools that have increasingly characterized minimum wage analysis since then.

We close with an epilogue that briefly sketches the changes in minimum wages and in economists' analyses of their impact over the past 50 years.

Early State-level Minimum Wage Laws for Women and Children

In the early 1900s, labor law was the responsibility of state and local governments. The primary argument given by supporters of the early state labor laws covering women and children was the ending of "sweated" labor—that is, hard work for very low pay under poor conditions (Webb 1912; Commons 1935)—which was often discussed as a health and safety issue. The U.S. Supreme Court upheld state-level laws placing limits on men's daily hours in dangerous industries like mining and ore smelting refining as early as *Holden v. Hardy* (169 US 366 [1898]).[1] However,

[1] See also *Cantwell v. Missouri* (199 US 385, 1905) and *Wilson v. New* (243 US 332, 1917).

the Court struck down a New York state law limiting the hours of male bakers in *Lochner v. New York* (198 U.S. 45, 1905) in a 5-4 decision on the grounds that the limit violated freedom of contract and long hours in baking were not a threat to safety or public health. In contrast, the Court upheld a general limit on women's hours law in all industries in *Muller v. Oregon* (208 US 412 [1908]), reasoning that it was socially important for women to bear "vigorous" offspring, and that hours limitations for women could be justified on the grounds that "the physical well-being of woman becomes an object of public interest and care in order to preserve the strength and vigor of the race" (Fishback 2018).

Despite a surge in the discussion of the minimum wage for all workers in the major economics journals between 1909 and 1913, their experience with hours laws led reformers to find if more fruitful to devote their efforts to obtain a minimum wage only for women and children. Their efforts met with success when Massachusetts enacted the first law in 1912. Oregon soon followed in 1913 and in the next decade Washington, DC, and 14 more states joined them. Table 1 lists the states that enacted minimum wage laws from 1912-1937, together with the coverage of the laws. A few states set flat minimum wages, while most copied earlier minimum wage laws in Australia, New Zealand, and the United Kingdom and created commissions to issue wage orders by sector.

Although the Supreme Court decisions had led reformers to focus on passing minimum wages for women and children, the debates in the economics profession centered on minimums for all workers. Institutional economists associated with the American Association of Labor Legislation (AALL) played significant roles in arguing for the women's minimum wage during the Progressive Era. Notables John Andrews, John R. Commons, Richard Ely, Henry Seager, and Leo Wolman drew lessons from minimum wages set in Australia, New Zealand, and the United

Kingdom, where Sydney Webb (1912) and Mathew Hammond (1915) claimed minimum wages had yielded wage increases with at worst weak negative consequences.

Prasch (2000, 2007) identifies several themes in their arguments. First, women had limited opportunities and weak bargaining power. John Bates Clark (1913, p. 292) suggested that they might be hired for less than their "worth as measured by the productivity test." Second, minimum wages would prevent women from receiving less than a living wage that provided the "necessary comforts of life." Better health and improved attitudes would lead to increases in productivity and avoid strikes. Third, Sidney Webb (1912, 986-988) argued that low-wage employers in "sweated trades" were "parasitic." They paid less than subsistence wages to "boy labor, girl labor, married women's labor, the labor of old men, of the feeble-minded, of the decrepit and broken-down invalids and all the other alternatives to the engagement of competent male adult workers at a full Standard Rate (p. 986)." Such low wages damaged the health, training, and education of their operatives in ways that would damage future generations, while driving the wages down for more productive workers. He recognized that a minimum wage would reduce employment among these groups, but he preferred to eliminate the hidden subsidies to the sweatshop employers and make it more obvious that society should pay the cost of providing the formerly sweated workers with the education, training, health care, and temporary poor relief necessary to make them successful in the longer run. Introducing minimum wages would force employers to compete by paying appropriate wages to adult workers and by increasing productivity with new machinery and more efficient organization of labor. This theme was one that often led large, unionized, and more productive employers to join reformers in supporting other progressive labor legislation as well (Fishback 1998).[2]

[2] Leonard (2005, 212-215) claims that the progressive supporters of the minimum wage justified the idea on eugenics grounds. Although some of the writers we have cited might have been part of the eugenics movement, we have not

John Bates Clark (1913), Frank Taussig (1916), A. C. Pigou (1913), and Frank Fetter (1917) wrote about the minimum wage in the marginalist tradition, which evolved into neoclassical economics. They warned of the negative consequences of a minimum wage for employment. Bates Clark (1913, p. 294) summarized their reasoning: "What is probable, even as the result of a more modest legal increase of pay, is as follows: Of the lowest grade of workers some would be promoted to a higher rank and some would be discharged. The output of the business would be reduced." Taussig (1916) argued against views that "parasitic" industries were a cause of low wages, instead laying the blame for low wages more on a large supply of low-skilled women that was made larger by immigration. Clark and Fetter seemed willing to experiment with minimum wages, but Clark (1913, pp. 296-7) argued that it should be accompanied by emergency relief for those left unemployed. Fetter and Taussig suggested that poverty might better be prevented through improved education, training, and housing, and immigration restrictions.

These early minimum wage laws applying to women and children were under continual challenge in the court system. The constitutionality of such laws was supported by state supreme courts in Arkansas, Massachusetts, Minnesota, and Oregon, and Washington (Clark 1921, p. 33). A 4-4 tie in the Supreme Court in the case of *Stettler v. O'Hara* (243 U.S. 629 [1917]) left the Oregon minimum wage law in place. But in 1923, the Supreme Court declared the District of Colombia law unconstitutional by a 5-3 vote in *Adkins v. Children's Hospital* (261 U.S. 525 [1923]).[3] The majority affirmed the doctrine of "freedom of contract," and stated that "wages, unlike hours affected health only 'indirectly or remotely.'" Oliver Wendell Holmes dissented,

found specific eugenics arguments in the papers we cite here.

[3] The votes in *Stettler* and *Adkins* sum to eight because Justice Louis Brandeis recused himself because he had been an advocate for these minimum wage laws in the lower courts.

arguing the that correct goal of a minimum wage for women and children was to remove conditions causing "ill health, immorality, and the deterioration of the race" (as quoted by Cushman 1996, pp. 67, 69)

Despite the series of court rulings striking down minimum wage laws, several states continued to revise their minimum wages throughout the 1920s and into the 1930s, albeit without formal sanctions (US Bureau of Labor Statistics 1933b, pp. 1344-54). The absence of enforcement was not really much of a change. As was the case for nearly all labor laws at the time, regulatory budgets were meager at best; therefore, enforcement relied on the employer's willingness to abide by the law, pressure from workers, and public opinion. Case studies of minimum wages in the 1910s and 1930s showed increased earnings and declines in hours of employment for women subject to the minimums, although there was an intense debate about whether other factors that could lead to higher wages and lower hour were actually being held constant in these analyses (Peterson 1958, 1960; Lester 1959). More recently, Marchingiglio and Poyker (2020) find statistically significant effects on female employment in a triple-difference analysis of state minimum wage laws using the full censuses from 1880 through 1930.

Minimum wage advocates had not lost hope in the early 1930s because the votes in the minimum wage court decisions had been close and four seats on the U.S. Supreme Court had turned over. In the early 1930s states began to pass new minimum wage laws. Most were based on a standard bill sponsored by the National Consumers' League that was designed to avoid the language used in the unconstitutional acts (US Bureau of Labor Statistics, 1933, p. 1259). The Bureau of Labor Statistics (1933b, p. 1346) supported the laws on grounds that the Depression had made it "apparent that unfair wage standards not only undermine the health and well-being of the workers but threaten the stability of industry itself." The laws protected "the public health, morals and welfare." This second wave of state legislation is also summarised in Table 1.

In 1936, the Supreme Court struck down the 1933 New York minimum wage law with a 5-4 vote in *Morehead v. New York ex. Rel. Tipaldo* (298 US 587 [1936]), even though the framers of the law had tried to differentiate it from the D.C. law declared unconstitutional in 1923. Chief Justice Hughes dissented: "I can find nothing in the Federal Constitution which denies to the state the power to protect women from being exploited by overreaching employers." (p. 619). In a separate dissent, Justices Stone, Brandeis and Cardozo declared that in the prior decade, society had learned that a wage is not always the outcome of free bargaining; that it may be "forced upon employees by their economic necessities and upon employers by the most ruthless of their competitors." In their view, insufficient wages burdened society as a whole, and the problem should be solved by the legislative branch (pp. 635-6).

In 1937, however, the Supreme Court reversed course and declared the Washington minimum wage *from 1913* to be constitutional in *West Coast Hotel v. Parrish* (300 US 379 [1937]), when Justice Owen Roberts switched sides. Roberts had joined the court after the 1923 *Adkins* decision and later claimed that he had voted against the New York minimum in 1936 because it was similar to the D.C. law and New York's lawyers failed to challenge the *Adkins* ruling. When lawyers for Washington state directly challenged the *Adkins* decision in 1937, he chose to support their law because women were "especially liable to be overreached and exploited by unscrupulous employers," which was "not only detrimental to the health and wellbeing of the women affected, but casts a direct burden for their support upon the community."[4] A number of states quickly

[4] Some claim that Roberts switched sides to dissuade President Roosevelt from his court-packing scheme—that is, expanding the size of the Supreme Court by appointing additional justices who would rule that his proposed

passed new laws for women and children and the door opened for more intense pressure for a minimum for all workers.

The Lead-up to a National Minimum Wage for All Workers

While the states focused on women's minimum wages in the early 1930s, federal government officials were pressuring firms to agree voluntarily to accept wage minimums and hours maximums. As the economy contracted between 1929 and 1931, worries about industrial stability and declining nominal wages led President Hoover to "jawbone" leading manufacturers to set up work-sharing arrangements with reduced weekly hours, more employment, and no reductions in hourly earnings (Rose 2010; Neumann, Taylor and Fishback 2013). A centerpiece of Franklin Roosevelt's New Deal was the National Industrial Recovery Act (NIRA) of 1933, which called for employers, workers, and consumers in each sector to limit excessive competition by negotiating codes that included minimum wages and maximum weekly work hours. While waiting for the codes, President Roosevelt convinced thousands of firms to sign President's Reemployment Agreements (PRAs) that set maximum hours and minimum wages with the stated goal to "raise wages, create employment, and thus increase purchasing power and restore business." Over the following months, over 500 sectors then set up National Recovery Administration (NRA) codes of competition that included sector-specific minimum wages (sometimes with multiple tiers) and weekly hours maximums.

The PRAs and the codes differed from a statutory minimum wage because they were voluntary. Employers agreed to the constraints by signing the PRA in August of 1933 or by later

legislation was constitutional. Cushman (1998) and Frankfurter (1955) disagree, noting that the vote was in December well before the scheme was announced.

signing onto one of the industry codes. If the firm/employer did not sign the code or agreement, however, they were not subject to the minimum wage or the maximum hours. Thus, the PRA and NRA minimums were much more the result of collective bargaining then like statutory minimum wages. So why did the firms sign up? The major gain came from being seen as patriotic because the firm could prominently display the National Recovery Administration's (NRA) Blue Eagle that signalled participation. The federal government marketed the connection between patriotism and the Blue Eagle through parades and house-to-house drives garnering signatures on pledges from over 20 million householders that they would favor Blue Eagle firms (Taylor 2011). Jason Taylor (2019, chapter 4) and Royal Meeker (1933, 467-8) both suggested an undercurrent of coercion as well. The administration sought to make firms believe that non-compliance would cost them dearly with unspoken threats of boycotts. In August 1933, the mercurial NIRA head General Hugh Johnson announced, "the time is coming when someone is going to take one of those Blue Eagles off of someone's window in a clear cut case and that is going to be a sentence of economic death (Anonymous 1933)."

Blue Eagle displays in newspaper ads and compliance with the labor restrictions declined after November 1933, and the NRA faced a major compliance crisis in the spring of 1934 (Taylor (2019, Chapters 6 and 7 and Figure 4) and Bowden (1937). Meanwhile, the NRA codes were soon challenged in court. On May 27, 1935 in *L. A. Schechter Poultry Corp. v. United States* (295 U. S. 495 [1935]), the Supreme Court unanimously struck down all of the NRA codes on grounds that the NIRA delegated the authority to make regulations to market participants and such delegation of power was unconstitutional (Taylor 2011).

In 1937 two Supreme Court decisions opened the door for a constitutional federal minimum wage law. The *West Coast Hotel* decision established that the courts were prepared to accept arguments for a minimum wage. The case *National Labor Relations Board v Jones & Laughlin Steel Corporation* (301 U.S. 1, 1937) established the "interstate commerce clause" as the constitutional basis for federal labor legislation. In 1937, the Roosevelt Administration introduced the Fair Labor Standards Act, drafted by Secretary of Labor Frances Perkins. The original bill specified a 40-cent minimum, but appointed Industry Committees—comprising industry insiders and members of the public—who would set industry-specific rates as high as 80 cents, well above estimates of a living wage and prevailing wage rates (*Congressional Record*, 1937, p. 439).[5]

The heated arguments in Congress for and against the FLSA placed less emphasis on the health and safety concerns that had been in the forefront 20 years earlier, and focused more on the political and economic context of the Great Depression and the experience of nominal wage deflation. Some of the arguments in favor of a minimum wage were familiar and built upon progressive economists' arguments circa 1912. Northern Democrats and some Republicans viewed minimum wages as a moral imperative needed to end the practice of sweated labor. President Roosevelt spoke of the need to end "starvation wages." Senator William Borah (R, ID) proclaimed people worthy of hire are "entitled to sufficient compensation to maintain a decent standard of living" (*Congressional Record*, 1938, p. 7793). In the January 1938 *Monthly Labor Review*, the Department of Labor described the criteria for a minimum wage: "Certain basic standards of adequacy are generally recognized as inherent in the concept of a minimum wage based on the cost of living" (Stilt and Smith 1938, p. 201). Other arguments for minimum wages were rooted in the Great Depression experience and differed from arguments made in the previous period. One argument raised in 1937-38 was that minimum wages would promote national

[5] Seltzer (1995, 1997) describes the Fair Labor Standards Act controversy in depth and is the source for this three-paragraph discussion.

recovery by increasing aggregate demand, a view which was also central to President Roosevelt's New Deal wage policies (Grossman 1978; Congressional Record, 1937, pp. 7745).

The US Senate passed the bill in July 1937, but when it reached the House of Representatives, the debate took on a strong North vs. South aspect and there were sharp objections to Industry Committees. High-wage producers of shoes and textiles in New England and lumber in the Northwest supported the minimum wages in order to eliminate "excessive," "unfair" competition from the low-wage South.[6] On the other side, southern Democrats expected high-wage northern interests to capture the Industry Committees, set minimum hourly wages near 80 cents, and disallow regional differentials. Most southern senators fought the minimums because nearly half of all southern manufacturing workers, and higher shares in textiles and lumber, earned less than 40 cents per hour in 1937 (Seltzer 1995; Wright 1987). In addition, some northern Republicans saw minimum wages and the establishment of Industry Committees as an unwarranted federal government intrusion into private contracts. Union leaders also objected, because they believed that wage bargaining was their exclusive domain.

The regional issue was likely intertwined with race, although the issue rarely was discussed in the 1937 and 1938 Congressional debates. The agriculture and domestic service sectors, which employed large numbers of Black workers, were explicitly exempted from the FLSA. These exemptions were also part of the Social Security pension program, Unemployment Insurance, state workers' compensation laws, and the earlier state minimum wage laws. The exemptions also arose for other reasons: 1) considerations that farmers, small employers, and households could not afford

[6] See testimony of Representatives Arthur Jenks (R, NH), Allen Treadway (R, MA), and Martin Smith (D, WA) in *Congressional Record* (1937, pp. 439, 505-6, 517).

the costs of coverage, 2) inherent problems with enforcing the law for those groups, and 3) and judicial uncertainty for federal programs about whether these sectors could be covered under the "interstate commerce clause" of the US Constitution.

After months of political wrangling, the minimum wage bill looked set to die in committee, in part because southern Democrats held outsized representation and more seniority on the key committees. The tide turned in May 1938 when ardent minimum wage supporters Senator Claude Pepper (D-FL) and Representative Lister Hill (D-AL) overwhelmingly beat opponents of the bill in Democratic primaries. The House then passed a substantially re-written bill in late May 1938. The final Act phased in the minimum wage at 25 cents in October 1938, rising to 30 cents in October 1939, and then gave Industry Committees the discretion to raise it to 40 cents between October 1940 and October 1945. It was confined to employees who were "engaged in interstate commerce or the production of goods for interstate commerce." Further, the entire public sector, agriculture, retail establishments, local services, domestic service, and small businesses were excluded from coverage. The constitutionality of the Fair Labor Standards Act was upheld in 1941 by a 9-0 Supreme Court vote in *United States v. Darby* (312 US 100 [1941]).

Public opinion at this time generally favoured minimum wages. In May 1938 the Gallup organization asked "Should Congress pass a law regulating wages and hours before ending this session?" A majority of 59 percent said "yes", although an August 1938 poll indicated that opposition to the law was stronger than for almost all other New Deal Legislation (American Institute of Public Opinion, 1939). By January 1939, 71 percent expressed support of the newly passed Act. Public opinion also favoured regional differentials at this time. In June 1938, the Gallup Organization asked, "If Congress passes a minimum wage law do you think the minimum wage per hour should be the same all over the country, or should it be different for different sections?" and 62 percent responded that it should be different. Support for a single national minimum thereafter, but would not reach a majority until a Gallup poll in September 1948, when 46 percent replied national, 31 percent state, and 13 percent replied no law at all.[7]

The impact of the minimum wage in the late 1930s varied across industries. Virtually all jobs in which minimum wages are binding today were exempted from coverage under the original act. A very large majority of manufacturing employees in northern and western states earned well above the prevailing minimum rates. However, many employees in the main industries of the South were affected by the new minimum rates (Seltzer 1997; Seltzer 2002). In the industries where a significant number of Blacks were employed, 70.5 percent of southern lumber employees earned exactly the $0.30 minimum rate in 1939, and over 70 percent of workers at independent tobacco leaf processors earned within one cent of the then-prevailing $0.30 minimum rate in the 1940-41 season. In the seamless hosiery industry in 1940, which employed few Blacks, about a third of firms paid average hourly wages within 2.5 cents of the then-prevailing minimum rate of 32.5 cents.[8]

The binding nature of the rates established under the 1938 Act, however, were short-lived. The last Industry Committee was established in January 1942, and by July 1944 all 71 Committees had established the $0.40 minimum rate for their industry. War-driven increases in labor demand, however, resulted in prevailing wages exceeding the federal minimum rate by the middle of the War, while the emphasis shifted to wage ceilings to control the costs of fighting the War. A 1947 survey in the *Monthly Labor Review* showed that at least 95% of sawmill workers in every state

[7] Gallup poll results from Roper Organization (2020). Gallup Poll ID numbers that start with USGALLUP:060138. RA05A and 48070F. R25A.
[8] Wright (1987) suggests that the minimum wage played a role in integrating southern labor markets with the rest of the country, but we would put more weight on his discussion of the World War II war boom, which raised wages and generated substantial internal migration.

(and at least 98% of workers in every state except Alabama and South Carolina) earned at least $0.45 per hour, $0.05 over the minimum.

Another potential impact of minimum wages, in line with the stated objectives of the law, was to help low-income people obtain a higher standard of living. The fairly vague standard of protecting the most vulnerable or ensuring health and welfare have been benchmarked against budgets estimated by American observers and government agencies since as early as 1870 (Barrington and Fisher 2006, pp. 2-629 to 2-647). These budgets are based on estimated needs in categories including food, housing, clothing, medical care, transportation, and other goods and services (for example, see Lamale and Stotz 1960, p. 789). Between 1939 and 1981, the Bureau of Labor Statistics intermittently created a consumption bundle and priced it for at least 30 different cities in the same year for a 4-person family with a working father, a nonworking mother, an 8-year old girl and a 13-year old boy. The versions prior to 1946 were based on a Works Progress Administration bundle developed for an "unskilled manual worker" and did not reach the level "the skilled worker hoped to attain, but [afford] more than a 'minimum subsistence' living" (Margaret Loomis Stecker WPA 1937, xiii, xiv) The first column of Table 3 shows that full-time work at the minimum wage in 1940 would have covered 47 percent of the estimated cost of living for the four-person family in the median city considered—and the highest share of the cost of living covered in any city would have been 53 percent.

Perhaps with such realities in mind, states quickly took the lead after the passage of the Fair Labor Standards Act of 1938 in setting minimum wages above the federal minimum and also in expanding the occupations covered. In 1939, 18 states set at least one minimum higher than the 30-cent federal minimum (Women's Bureau, 1939). In addition, roughly half of the states soon filled some of the large gaps in coverage under by the Fair Labor Standards Act by setting minimum wages, mostly for women, in industries such as retail stores, laundries, offices, hospitals, beauty shops, hotels, recreation, and in some cases manufacturing. Most of the state laws established boards that set minimums that varied by occupation, hours of work, age, gender and experience. Over time many of the states added men and covered more occupations (Women's Bureau 1950, 1958).

Post World-War II Minimum Wage Increases: The Climb to the Peak

Between 1945 and 1967 Presidents Truman, Eisenhower, Kennedy, and Johnson all supported increases in the minimum wage and expansions of coverage. The term "minimum wage" appeared in 16 presidential State of the Union addresses between 1937 and 1967 (*Complete State of the Union Addresses*) and each President signed a minimum wage bill (see Table 2). The support of Democratic presidents was no surprise. While Eisenhower (1953) sought to end the Korean war wage and price controls as quickly as possible, he eventually supported increases in the minimum wage. In his 1955 State of the Union Address, Eisenhower (1955) cited strong economic growth over the previous five years as a reason to raise the minimum wage to 90 cents from 75 cents and to extend the coverage to more classes of workers. Liberal Democrats sought a much higher minimum of $1.25. During debates over an amendment to the minimum wage bill on June 8, 1955, Senate Leader Lyndon Johnson noticed that most of the strongest advocates from both sides had left the Senate floor and jammed a minimum wage of $1 with no expansion of coverage through the Senate on a voice vote.[9] After passage in the House and adjustments in conference, Eisenhower signed the bill into law on August 12 (Anonymous, 1955).

[9]See Caro (2002, pp. 609-612). Caro claims that Johnson had opposed raising the minimum wage the previous time the issue came up before the Senate. Caro also claimed that the Eisenhower administration had declined to broaden coverage, contradicting Eisenhower's claim in his State of the Union Address in February.

The longest delay between increases in the federal minimum occurred during the 1940s. As a result, states again took the lead in raising wage minimums. In 1949, 19 states had at least one minimum wage above the 40-cent federal minimum. Between 1942 and 1950, when the federal minimum wage was 40 cents, state boards issued 77 orders; there were three above 70 cents, 29 between 60 to 69, 25 from 50 to 59, and 11 from 40-49. Only 9 were below 40 cents (Women's Bureau, 1951, p. 2). These higher state minimums were almost entirely for female workers, who typically earned much less than males. However, as the federal real minimum rate increased, the impact of state legislation waned. After the federal minimum rose to 75 cents in 1950, 9 states reached it by 1955. After the Fair Labor Standards Act minimum rose to $1 in 1956, 14 states had at least one $1 minimum by 1959, two years before the 1961 amendment established a $1 minimum for newly covered workers (Women's Bureau 1958). By the late-1960s, the federal minimum rate reached its peak in real terms and gaps in coverage were successively closed, rendering into "dead letters" most of the state laws still on the books. In 1970, only Alaska ($2.10) and the District of Columbia ($2.00) had minimum wages above the federal rate of $1.60.

Congressional supporters of a higher minimum wage were typically liberal Democrats, including Senator Paul Douglas (1972, 374-80), a former University of Chicago professor and president of the American Economic Association. The opposition was comprised largely of southern Democrats and some, but not all, Republicans. The primary public arguments about the minimum wage shifted again in the 1950s and 1960s. The main argument for the minimum wage expressed in the *Congressional Record* during this time became the moral imperative to protect the most vulnerable workers. Indeed, the purpose of minimum-wage legislation has been variously expressed in the laws as the establishment of wage levels "necessary for health and welfare," or sufficient for "decent maintenance" and "adequate living." In 1960 John F. Kennedy (1960) called for expanded minimum wage coverage: "To pass them by … shocks the conscience of those who care." Because the minimum wage coverage included male workers, earlier Progressive arguments about the need to protect the health of prospective mothers diminished. The post-war boom also contributed to less emphasis on the Depression-era arguments about stimulating economic demand. The argument that the minimum wage reduced "unfair competition" never vanished completely, but it receded in importance because regional wage differences narrowed and gaps in coverage (mainly affecting the untraded sector) were successively closed.

Congressional opponents of minimum wages were careful to state their support for the overall objective of helping the working poor and reducing poverty, while arguing that minimum wages were the wrong way to achieve these goals. From 1937 through 1966, the most frequently raised objections to amendments to the Fair Labor Standards Act in the Congressional Record concerned 1) the direct cost to employers and 2) the indirect costs created by the administrative requirements of complying with the law. Some opponents argued that raising business's costs would reduce employment of less skilled workers, but this argument was not central to the public case against the minimum until the late 1960s and early 1970s, when a growing number of academic studies found minimum wages had employment effects.

The emphasis in the minimum wage debates about insuring health and safety led Congress in 1946-47 to ask the BLS to develop its own consumption bundle when pricing the basic standard of living for working families. The new BLS budget covered "the dollar amount required to maintain the family at a level of adequate living, according to prevailing standards of what is needed for health, efficiency, the nurture of children, and for participation in social and community activities - a level of living described as 'modest but adequate'" (Lamale and Stotz, 1959, p.1). After 1954, the budgets began appearing in the *Congressional Record*

(1955, p. 7871; 1961, pp. 5987-89; 1974, p. 7313) as did the much lower standard of the official poverty level in the 1970s (1974, pp. 7312-13; 1977, p. 32715).

Table 3 shows in various cities the national minimum wage (assuming a work week of 40 hours and 52 weeks worked per year) as a percentage of the adequate budget for a four-person family that could have been purchased in 1940, 1950, 1959, and 1967. The first column of the table was discussed in the previous section. The minimum wage fell well short of covering an adequate budget for a four-person family. The percentages at the median for different size families at the bottom of the table again shows that the minimum comes closer to covering a single individual under 65. The minimum wage ranged from 82.7 to 92.7 percent of the median for that group.

All involved in the process of setting a national minimum wage realized that the cost of living varied substantially across the country, and these differences evolved over time. In 1940, workers in Mobile, Alabama—the lowest cost city—had 28.5 percent more purchasing power than workers in New York City, the highest cost city. The distribution of purchasing power appears to have been reduced during the 1940s war decade to a 13.9 percent gap between the lowest cost and highest cost cities, possibly as a consequence of war-time rent controls (Fetter 2016). Then it rose to 21.3 percent in 1959 and 38.7 percent in 1967 (25.7 percent without Honolulu). Generally, the minimum wage covered more of the budget in southern and midwestern cities and less in northeastern cities in most years. The rankings, however, did not hold steady throughout. The positions of New York and Atlanta, for example, shifted substantially across the years in Table 3.

From the 1940s through the 1970s, widespread popular support for minimum wages was expressed in Gallup polls. Gallup pollsters defined the minimum wage and highlighted the group most likely to be affected in asking the following question (with updated numbers each time). One version of the standard question read: "At the present time the minimum wage that can be paid to workers in every state in most businesses and industries is 40 cents an hour. This means that all persons working in such businesses, in every state, including young people who have never worked before, cannot be paid less than 40 cents an hour. Would you approve or disapprove of raising this minimum to 60 cents an hour?" The polls showed that between 61 and 78 percent supported increases from 40 to 65 or 75 cents before the 1950 change, from 75 cents to $1 in 1953 or to $1.25 in 1954 and from $1 to $1.25 in 1957. The only poll without majority support called for a raise from 40 cents to $1 in 1948.[10]

Faced with popular and presidential support for minimum wages, opponents were only able to impose some short delays in raising the minimum. However, they were more successful in delaying the expansion of coverage of the minimum wage. For example, Senator Douglas (1972, pp. 377-78) reported disappointment that the compromises in 1949 and 1955 traded away expansions of coverage for a higher minimum. The 1961 amendment finally raised the coverage of private sector employees from 55 to 63 percent by including employees in large retail and service enterprises, local transit, construction, and gasoline service (see Table 2). To overcome opposition, the minimum for newly covered workers was set below the minimum for previously covered workers until 1965. Coverage was expanded to 77 percent of private workers and 40 percent of government workers with the 1966 amendments that provided lower minimum rates for government employees in hospitals, nursing homes, and schools; and also for private sector

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[10] Gallup poll results from Roper Organization (2020). Gallup Poll ID numbers that start with USGALLUP: 081945. QK06B, 45-356. QT06B, 040746. RT08B, 061447. RK12B, 021448. RK05B, 48-422. QK11B, 48-422. QT11B, .011249. R08B, 433T. QT08B, 062949. R08, 442T. QT08, 49-446. QKT09A, 53-520. Q18, 54-540. QK13A, and 57-577. Q025.

employment in agriculture, laundries, dry cleaners, large hotels, motels, and restaurants (Willis 1972). The minimum rates were not equalized for all covered workers until 1978, when roughly 87 percent of private employees were covered.

For economists, the initial passage and subsequent amendment of a federal minimum wage renewed old debates on their impact. After the experience of the Great Depression, the discussions in the 1940s often assumed less than full employment and imperfections in commodity and input markets. In addition, the language used by economists when discussing these issues had become more precise over the previous several decades. Among economists at this time, the main arguments for the minimum wage were: 1) setting minimum wages in monopsonistic labor markets would move wages closer to the marginal revenue product, raising both wages and employment; 2) a minimum wage would improve workers' health and productivity enough that the consequent increase in labor demand could more than offset the negative employment effect of the higher wage; 3) higher minimum wages would induce inventions and improvements in managerial efficiency that would raise labor productivity and increase the demand for labor (Bronfenbrenner 1943); and 4) an economy-wide minimum wage could shift income from entrepreneurs with lower propensities to consume to low-income workers who would spend their full incomes, leading to demand increases for consumer goods and services that promoted more output and employment (Weir Brown 1940).

Among prominent economists who took the other side were Martin Bronfenbrenner (1943) and George Stigler (1946), who argued against all four points. For example, Stigler (1946, p. 358) sought to shift the focus of the debate, claiming that everybody agreed on the goal of eliminating extreme poverty. The important questions were: 1) do minimum wages diminish poverty? and 2) are there better alternatives? Stigler said "no" to the first question because the likely result of a minimum wage would be the discharge of "workers whose services are worth less than the minimum wage." After conceding that employment, wages, and output could be increased when employers have wage-setting power with "a skillfully set minimum wage," he was skeptical that policy makers possessed a "tolerably accurate method" of determining the optimum wages over time for each occupation, firm, and quality of worker. Hours worked and many other factors made the connection between the hourly wage and family income "remote and fuzzy." Like the earlier marginalists of the 1910s, Stigler believed that alternative policies would be more effective at helping the poor and added the idea of what we would now call a negative income tax (similar in form to the modern Earned Income Tax Credit) to the list of policy options for helping low-wage workers offered in the 1910s by Fetter, Taussig, Bates Clark, and others.

In response, Richard Lester (1946, 1947) castigated Stigler and other marginalist thinkers for an inadequate understanding of the operation of labor markets and how employers made decisions. His surveys of southern entrepreneurs showed that they focused primarily on demand changes when choosing employment, did not think in terms of marginal analysis, and did not adjust their capital-labor ratios in response to North-South wage differentials. They responded to the minimum wage shock by improving management practices and increasing sales efforts. Fewer than 10 percent of those responding to his surveys mentioned reducing output. His own studies of wage determination had not found the single wage predicted by marginalists. Instead, he found diversity in pay for equally productive workers.

At the start of the 1960s, the body of empirical work on the minimum wage was also divided and controversial. At various times between 1910 and 1951, state labor departments and the U.S. Department of Labor collected data on earnings and employment just prior to and after the adoption of a minimum wage. Most studies by government departments reported weak or no effects of the minimum wage on employment. Peterson (1957) argued that many of these reports had failed to dig very deeply into the data. In re-examining the data in a more disaggregated fashion he found support for the “hypothesis that employment changes will be inversely related to wage increase imposed by a minimum (p.430).”[11]

This led to a well-known debate between Lester and Peterson in the 1960 *Industrial and Labor Relations Review* in which they criticized each other nearly line by line as they discussed several minimum wage episodes involving low-paid workers. The debate centered on empirical issues familiar to modern empirical economists. They both discussed “causal inference” and both focused heavily on issues related to *ceteris paribus* conditions. As in the modern debates, they used difference-in-difference comparisons and sometimes difference-in-difference-in-difference comparisons to compare outcomes pre- and post- minimum wage in treatment and control areas. Their debate over *ceteris paribus* conditions examined simultaneous events and prior trends. In a study of the 70-cent minimum wage, Peterson mimicked a regression discontinuity design by showing cross-tabulations before and after the minimum wage for firms in several wage categories ascending from well below the minimum to well above prior to the increase. Peterson also compared covered and uncovered firms within the same town and the same industry. These studies faced the problem that the available data were aggregated and there were not enough observations for them to control effectively for multiple confounds with regression analysis. However, the results showed negative effects on hours or employment in more than half of the comparisons. Peterson argued that given the rough nature of the comparisons that this was enough to suggest

[11] In a similar fashion, the initial Department of Labor reports on the increase in the minimum wage to $1 showed small employment effects, while later academic studies found larger effects (Macesich and Stewart Jr. 1960; Douty 1960).

negative consequences for employment from the minimum wage in low wage industries. Lester remained unconvinced.

In the aftermath of the Peterson-Lester debates, the consensus of academic economists shifted in such a way that the neoclassical view gained the upper hand. In the 1960s and into the 1970s, the number of minimum wage studies increased dramatically. Most papers in the late 1960s, and especially into the 1970s, found negative employment effects, particularly for the less-skilled, teens, African Americans, and the disadvantaged. In two prominent examples from this more extensive literature, Benewitz and Weintraub (1964) found employment effects from the 1962 New York City increase in the minimum wage to $1.50. Campbell and Campbell (1969) found higher unemployment in cities with state minimum wage rates. For summaries of this empirical minimum wage literature up to about 1980, see Brown, Gilroy, and Kohen (1982) and Neumark and Wascher (2008).

In the 1960s, Milton Friedman became the most prominent public face of neo-classical economic opposition to minimum wages. In an oft-quoted 1966 Newsweek opinion column, Friedman (1966) noted that Congress had just raised the minimum wage, which would "add to the ranks of the unemployed." But Friedman was far from alone in this view. Prominent Keynesians like James Tobin wrote: "People who lack the capacity to earn a decent living need to be helped, but they will not be helped by minimum-wage laws. … The more likely outcome of such regulations is that the intended beneficiaries are not employed at all" (*Congressional Record*, 1966, p. 11270). By the late 1960s, the view that high minimum wages reduced employment of low skilled workers featured widely in Congressional debates.[12] As the real minimum increased and gaps in coverage were closed, the minimum wage became binding for more workers. Friedman

[12] Among others example, see the testimony of Rep. Charles Gubser (R, CA), Sen. Peter Dominick (R, CO), Rep. Robert Michel (R, IL) in *Congressional Record* (1966, p. 11301; 1974, p. 5719; and 1977, p. 29186).

argued that this would promote discrimination, arguing, "I am convinced that the minimum-wage law is the most anti-Negro law on our statute books—in its effect not its intent." Studies such as Adie (1973), Mincer 1976, and Ragan (1977) found negative employment effects for African American workers. The prospect of minimum wages resulting in labor market discrimination was frequently mentioned in Congressional debates (*Congressional Record*, 1974, 5720-30 and 1977, 29186-87, 29455, 29463, 297303, 32707). By contrast, most African American leaders looked at minimum wages as a way of increasing wages and reducing inequality. They also strongly resisted separate (lower) minimum rates for African American workers, which they regard as implying inferiority. Historically, the majority of African American leadership has historically favored every proposed minimum wage increase and opposed any racial differentials (Schulman 1991, p. 56).

Epilogue

The real value of federal minimum wages in Figure 1 never again reached the same real level as in 1968. Amendments to the FLSA passed in the 1974 and 1977 increased the nominal minimum wage seven times between 1974 and 1981, although they failed to keep up with the inflation of the period. Real minimum wages declined, albeit only back to the level of the early-1960s. These amendments also closed most remaining gaps in coverage. However, after the passage of the 1977 amendment, the minimum wage lost its forward momentum, both in real value and in political salience. Starting around 1980, the real value of the minimum fell sharply. Five amendments to the Fair Labor Standards Act have raised the minimum 7 times since 1980 but the last three amendments only managed to raise the real minimum wage in Figure 1 back to its level in the early 1950s. Amendments in 1986 and 1996 created lower sub-minimum wages for some workers previously covered by the standard minimum.

Between 1968 and 1990 the minimum wage received relatively little attention in the political arena. The term "minimum wage" appeared only once in a presidential State of the Union address (by Jimmy Carter in 1981). In 1973 President Nixon vetoed a proposed increase in the minimum wage that did not include a youth subminimum rate, because he believed the new minimum would harm teenage employment (*Congressional Record*, 1974, p. 4706). While supporting the 1974 amendment, Nixon cautioned against raising it too high (Congressional Record 1974 p. 4706). Ronald Reagan became the first President in office to actively oppose minimum wage increases and no increases were enacted during his administration. A broad swath of expert opinion agreed with him. In January 1987, the New York Times published an editorial titled "The Right Minimum Wage: $0.00," which argued for the Earned Income Tax Credit and other mechanisms to be used in its place.

Part of the reason for this shift against the minimum wage may have been a consequence of its earlier successes. By the late 1960s and throughout the 1970s, when the federal minimum was at its highest and the exemptions to coverage were being successively closed, the importance of state minimum wage laws declined. The stagflationary years of the 1970s, with slow productivity and high unemployment spikes, may have seemed like an unwise time to keep raising the value of the federal minimum wage. The first federal version of the Earned Income Tax Credit became law in 1975, offering an alternative policy tool for increasing the take-home pay of low-wage workers—and arguably with less concern over potential negative effects on employment.

But even after taking factors like these into account, it also seems likely that a substantial part of the shift against the minimum wage was a result of the shifting consensus in economic research that negative employment effects of a minimum wage were a real concern. By the mid-1970s, minimum wage opponents were entering the negative findings from academic studies by

Adie (1973), Mincer (1976), Gramlich *et al* (1976), Welch (1974), Ragan (1977), and Cotterill and Wadycki (1976) into the *Congressional Record.* The newer studies had access to more data (in particular, a longer time series since the implementation of minimum wages) and increasingly sophisticated econometric methodology. Researchers increasingly adopted time series techniques that used the real minimum wage or the Kaitz Index (the ratio of the minimum wage to average hourly earnings, multiplied by the rate of coverage) as the measure of the minimum.[13] A survey by Brown, Gilroy, and Kohen (1982) reported a widely cited consensus that "time series studies typically find that a 10 per cent increase in the minimum wage reduces teenage employment by one to three percent." They also concluded that cross sectional studies produce smaller and less precise estimates, with "estimates from 0 to .75 percentage points [being] most plausible".

A 1992 survey of economists found that 57 percent agreed and 21 percent disagreed with the statement that "a minimum wage increases unemployment among young and unskilled workers" (reported in Whaples 1996). A survey by Whaples (1996, p. 729) found that 87 percent of labor economists agreed that minimum wages increased unemployment for teens and the unskilled. Their median estimate of the impact of a 10-percent rise in the minimum was 2 percent, similar to the earlier consensus.[14]

But in the 1990s, the minimum wage debate was reignited when Card and Krueger (1994, 1995, 2000) published a series of studies using firm-level panel data techniques and found weak to zero employment effects of higher minimum wage. Neumark and Wascher (2000, 2008) challenged their findings with alternative methods and data sources. Waves of research (discussed

[13] Looking back at this literature, Kennan (1995) noted that most of the primary variation in the Kaitz index did not come from the wage minimum or coverage; therefore, using it to estimate the effect of minimum wages was akin to "looking for a needle in a haystack".

[14] Despite these sentiments, 57 percent felt that the current minimum wage should be increased, particularly those who estimated teen employment losses of 3 percent or more.

in the other papers in this symposium) have followed. More recent polls of economists show much less certainty about negative employment effects of a minimum wage. One 2015 poll asked leading academic economists whether increasing the minimum wage to $15 (from the current level of $7.25) by 2020 would substantially reduce employment of low-skilled workers (IGM Forum, 2015): 26 percent agreed or strongly agreed, 24 percent disagreed, 38 percent were uncertain, and the remainder did not answer. The majority who answered indicated low confidence in their answer. Higher minimum wages continue to have popular support. In 2013, a Gallup poll indicated that about three quarters of Americans supported a minimum wage increase from the prevailing rate of $7.25. In a 2019 NPR/PBS NewsHour/Marist Poll, 56% responded that they believed a national minimum wage of $15.00 would be a good idea (Polling Report 2020).

The economic context for recent discussions of the minimum wage issue has also changed from the 1970s (and 1950s and 1930s and 1910s). The US economy has had decades of stagnation in the wages of low-skilled labor and in the real value of the federal minimum wage, and growing concern over rising levels of inequality. States have returned to the fore of minimum wage policy. When an increase in the national minimum wage was passed in 1989, 15 states had minimum wages above the national level. The number fell back to four states after the national increases in 1990 and 1991, but then then rose to 32 in 2007. In 2018, 31 states had higher rates (Neumark 2019). These rates average $2.28 above the federal minimum of $7.25, a historically high gap. In addition, nearly 50 cities have adopted minimum wages above their state's minimum wage up to $15 per hour (as reported by the Economic Policy Institute at https://www.epi.org/minimum-wage-tracker). At present, about 60 percent of all US workers currently live in states where the applicable minimum wage is more than $7.25 per hour, and by 2025, about 30 percent of workers will live in states with a minimum wage of $15 or higher

(Congressional Budget Office 2019). The United States has returned to the times of substantial minimum wage differences across states, and the future course of the federal minimum wage may be determined by the influence of the state and local minimums on labor market outcomes in these areas.

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Table 1: State Minimum Wage Laws, 1911-37

State	Date(s)	Coverage	Exceptions (1938)
AZ	1917-25, 1937	W, C21	A, B
AR	1915-27, 1937	W	B, C, D
CA	1913	W, C18	NONE
CT	1933	W, C18	A, B
CO	1913	W, C18	NONE
DC	1918-23, 1938	W, C18	A
IL	1933	W, C18	A, B
KS	1915-27, 1938	W, C21	NONE
KY	1938	W, C21	A, B, E
LA	1938	W	A, B, I
MA	1912-34, 1934	W, C21	A, B
MN	1913-25, 1937	W	NONE
NE	1913-19	W	
NV	1937	W, C21	A
NH	1933	W, C21	A, B
NJ	1933	W, C21	A, B, F
NY	1933-36, 1937	W, C18	A, B
ND	1919	W, C21	A, B
OH	1933	W, C21	A, B
OK	1937	All	B
OR	1913	W, C18	NONE
PA	1937	W, C21	A, B, G, H
RI	1936	W, C21	A, B
SD	1923	W	A, B
TX	1919-21	W, C15	
UT	1913-29, 1933	W, C18	NONE
WA	1913	W, C18	NONE
WI	1913-24, 1937	W, C21	NONE

Notes: W – women, C21 (C18) – children 21 (18) years of age or less, A – domestic service, B – agricultural labor, C – cotton factories, D – railroads covered by federal laws, E – firms regulated by the state Public Service Commission, F – hotels, G – religious or charitable organizations, H – sale and delivery of newspapers and magazines, I – municipalities with a population under 10,000.

Sources: United States Bureau of Labor Statistics (133b), Phelps (1939), p. 60 and Anonymous (1939).

Table 2
The Fair Labor Standards Act and Amendments

Year	Minimum Wage	Coverage	Notes
1938	$0.25 (1938) $0.30 (1939) $0.40 (1945)	≈50% of private sector employees (1938)	Establishes minimum wage. Exemptions for small firms, firms outside interstate commerce, retail and service establishments, restaurants, government employees, agricultural workers, domestic service.
1939-1943	$0.40 for all by July 1944.		Under FLSA 1938 Act 71 Industry Committees, with economics professors composing about half of the members, set industry-specific minimum wages for industries with approximately 21 million workers. The goal was to establish a minimum wage that would not lead to "substantial curtailment of employment." By July 1944 all 71 had minimum rates at 40 cents.
1947			Portal to Portal Act: limits claims to back pay to 2 years, restricts definition of working time, no liquidated damages if employers made a good faith effort to comply with FSLA.
1949	$0.75	55% of private sector employees (1950)	Coverage extended to employees if they are "directly essential" to production of goods for interstate commerce, extends coverage to air transport industry, eliminates Industry Committees.
1955	$1.00	55% of private sector employees (1956)	
1961	$1.15 (1961) $1.25 (1963)	63% of private sector employees	Coverage extended to retail and service establishments, with sales exceeding $1 million annually. Students could be employed at these establishments at 15% less than the minimum wage.
1966	$1.40, $1.00 (1967) $1.60, $1.15 (1968) $1.60, $1.30 (1969) $1.60, $1.45 (1970)	77% of private sector employees, 40% of government employees	Coverage extended to most farm workers (with a lower minimum wage). Coverage extended to enterprises with revenue greater than $500,000 per year (1966) then $250,000 per year (1969). Automatic coverage for construction workers and employees of schools, hospitals, nursing homes, or other residential care facilities.
1974	$2.00 (1974) $2.10 (1975) $2.30 (1976)	83% of private sector employees. After 1974 coverage varies between 83% and 87%.	Coverage extended to domestic workers and state and local government employees that were not previously covered. Minimum wage for farm workers raised to $1.60 in 1974.

1977	$2.65 (1978) $2.90 (1979) $3.10 (1980) $3.35 (1981)	100% of public sector employees in 1974. Supreme Court decisions reduce public sector coverage reduced to 28% in 1976 and restore it to 100% in 1990.	Sub-minimum wage for agricultural workers eliminated. Restrictions on subminimum wage for students relaxed. Coverage test for retail trade and service enterprises increased in stages to $362,500.
1983			Migrant and Seasonal Agricultural Worker Protection Act – increases coverage for some farm workers.
1986			Allows sub-minimum wages for employees whose earning or productive capacity is impaired by age, physical or mental deficiency, or injury.
1989	$3.80 (1990) $4.25 (1991)		Enterprise coverage limit for retail and non-retail businesses increased to $500,000.
1996	$4.75 (1996) $5.15 (1997)		Established a youth sub minimum wage of $4.25 an hour for newly hired employees under age 20 during their first 90 consecutive calendar days after being hired by their employer; revised the tip credit provisions to allow employers to pay qualifying tipped employees no less than $2.13 per hour if they received the remainder of the statutory minimum wage in tips.
2007	$ 5.85 (2007) $ 6.55 (2008) $ 7.25 (2009)		

Sources: U. S. Department of Labor (2020), Anonymous (1948), Neumark and Wascher (2008).

Table 3

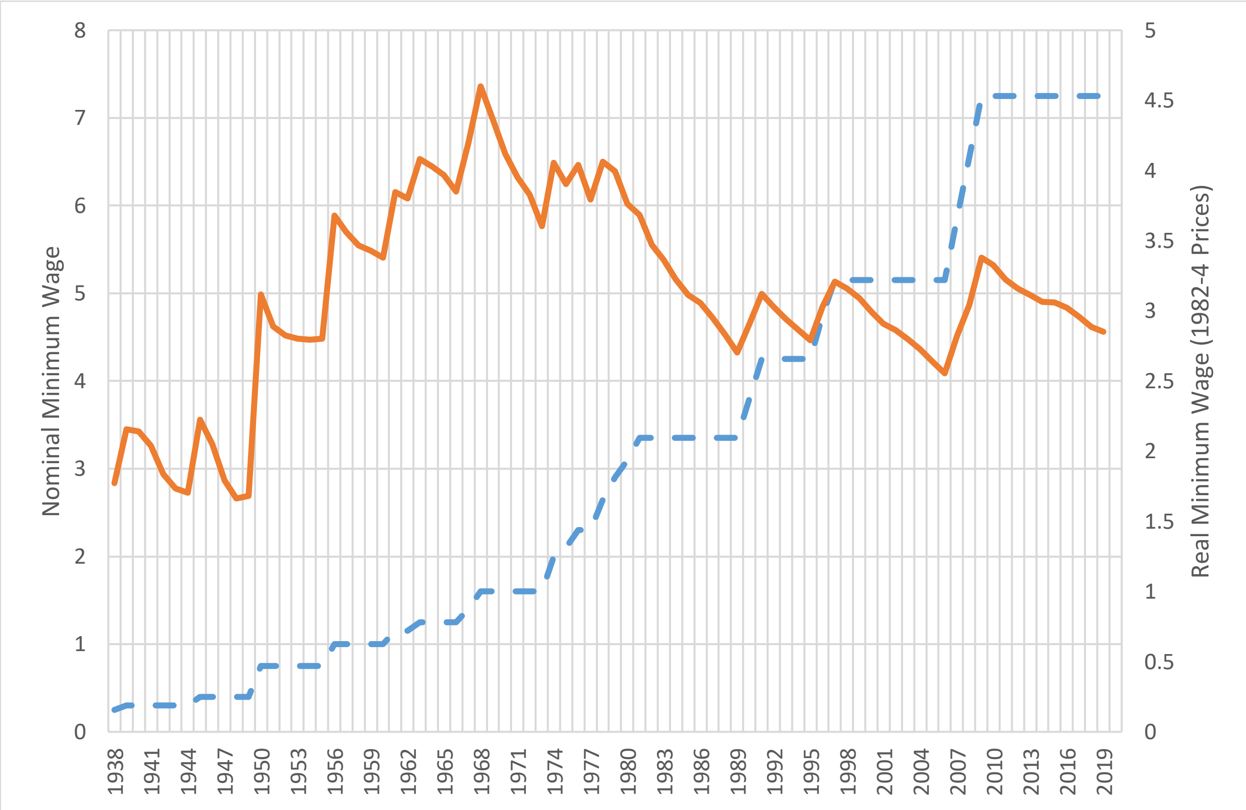
Full-Time Earnings on the National Minimum Wage as a Percentage of the BLS Adequate Cost of Living Budget: 4-Person Family by Year and Location

Area	1940	Area	1950	Area	1959	Area	1967
						South urban nonmetro	55.7
						Austin	55.6
						Baton Rouge	53.9
						Orlando	53.7
		New Orleans	45.2			Nashville	52.8
Mobile	53.2	Mobile	44.5			Houston	52.5
Kansas City, MO	49.8	Kansas City, MO	44.3			Durham	52.3
New Orleans	49.3	Savannah	43.9			Atlanta	52.0
Birmingham	48.7	Scranton	43.4			Dallas	51.9
Indianapolis	48.4	Indianapolis	43.3			Cincinnati	51.1
Memphis	48.2	Portland, ME	43.1			Green Bay	50.6
Denver	48.1	Cleveland	43.0	Houston	51.7	Bakersfield	50.4
Houston	48.1	St. Louis	42.9	Scranton	49.5	Dayton	50.2
Jacksonville	48.0	New York City	42.8	Atlanta	49.4	Baltimore	50.0
Buffalo	47.7	Manchester, NH	42.6	Baltimore	49.3	Lancaster	50.0
Portland, OR	47.5	Buffalo	42.5	Philadelphia	48.1	Midwest urban nonmetro	50.0
Los Angeles	47.4	Portland, OR	42.3	New York City	47.4	Pittsburgh	49.9
Baltimore	47.2	Philadelphia	42.2	Kansas City, MO	47.0	Detroit	49.6
Atlanta	47.1	Norfolk.	42.0	Cincinnati	46.3	Philadelphia	49.4
Cincinnati	47.1	Minneapolis	42.0	Minneapolis	46.3	Denver	49.3
Norfolk.	47.0	Birmingham	41.9	Portland, OR	46.1	Cleveland	49.2
Richmond	46.9	Cincinnati	41.8	Washington, DC	46.0	Portland, Maine	48.9
Philadelphia	46.7	Denver	41.7	Detroit	46.0	Kansas City, MO	48.9
Portland, Maine	46.0	Chicago	41.7	Pittsburgh	45.4	Wichita	48.7
Scranton	45.6	Detroit	41.6	St. Louis	45.4	St. Louis	48.5
Pittsburgh	45.4	Baltimore	41.3	Cleveland	45.1	San Diego	48.5
Seattle	45.4	Jacksonville, Fla	41.3	Los Angeles	44.9	New York City	48.4
St. Louis	45.1	Pittsburgh	41.3	Boston	44.8	Minneapolis	48.1
Cleveland	44.9	Memphis	41.2	San Francisco	44.8	Buffalo	47.9
Minneapolis	44.3	Los Angeles	41.2	Seattle	42.7	West urban nonmetro	47.9
Detroit	43.7	Boston	41.0	Chicago	42.6	Chicago	47.7
Boston	43.5	Seattle	41.0			Milwaukee	47.7
San Francisco	43.1	San Francisco	41.0			Indianapolis	47.6
Chicago	42.9	Atlanta	40.7			Washington, DC	47.5
Washington, DC	41.9	Houston	40.3			Cedar Rapids	46.8
New York City	41.4	Richmond	40.1			Boston	46.6
		Washington, DC	39.7			Champaign-Urbana	46.5
		Milwaukee	39.7			Los Angeles	46.2
						Hartford	45.3
						Seattle	44.7
						San Francisco	44.3
						Honolulu	40.2
Summary Statistics							
Median	47.0		41.9		46.1		49.1
Maximum	53.2		45.2		51.7		55.7
Minimum	41.4		39.7		42.6		40.2
Max/Min Ratio	1.285		1.139		1.213		1.387

Percentage of Family Budget in Median City Covered by the National Minimum Wage.				
Median 1-person	92.9	82.7	91.1	97.0
Median 2-person	71.6	63.8	70.2	74.8
Median 3-person	60.1	53.6	58.9	62.8

Sources and Notes. The minimum wage comes from series Ba4422 in Carter, et. al (2006, p. 2-284). Budget figures are from Anonymous (1940, p. 1041), U. S. Bureau of Labor Statistics (1951, p. 2), Lamale and Stotz (1960, p. 4), and Bracket (1969, p. 8). The budgets included costs of goods, rents and services, payment of personal taxes, Social Security deductions and nominal allowances for occupational expenses and life insurance. (BLS 1959, 1).

Figure 1
Nominal and Real Federal Minimum Wage, 1938-2019



Source: Minimum wage is from Carter, et. al (2006, series Ba4422, p. 2-284). The real minimum wage is in 1982-1984 prices, using the Consumer Price from Federal Reserve Bank of St. Louis (2019, series CUUR0000SA0), downloaded in August 2019.

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