

I wish more people could have seen and watched John as a person, as he was, and a Senator. I know this country would have a much higher regard for public service if they just knew who John Chafee was.

This is really John Chafee's day. I hope we all will savor the good thoughts and the wonderful memories of John, this day and in future days.

#### OPENING JAPANESE MARKETS

Mr. BAUCUS. Mr. President, when we go to H.R. 434, I am going to introduce a sense-of-the-Senate resolution encouraging the U.S. Government to pursue its bilateral measures with Japan and urge the United States to urge Japan to go further to open up telecommunications markets, particularly its Internet services, and so forth. I will have a lot more to say at the appropriate time. I believe strongly that we, as a country, have to go further and, more importantly, Japan has to go a lot further in opening up its market. It would be in the best interest of Japanese consumers, if it were to do so, and it would surely be in the best interest of peoples all around the world. At the appropriate time, I will speak more at length.

The PRESIDING OFFICER. The Senator from Massachusetts is recognized.

#### MINIMUM WAGE

Mr. KENNEDY. Mr. President, I would like to take a few moments of my time under the bill to talk about a subject I am very hopeful we will be able to address in the very near future. It is a subject matter that has been outstanding during the course of this year and that we have still failed to act on, and that is to try to see an increase in the minimum wage for many of the workers in this country.

We have seen in more recent times the Congress move ahead to increase its own salary some \$4,600 a year. When we increase the minimum wage, it will mean approximately \$2,000 to those who are working the hardest at the lower end of the economic ladder but who perform extraordinarily important jobs that are really, in many respects, at the heart of the engine of the American economy today.

I think all of us are mindful that we have had the most extraordinary economic boom in the history of our country. But there are those Americans who have been left out and left behind. There is no group of Americans who have been more disadvantaged than those who are working at the minimum wage level. That is why I was very hopeful we would see fit to address this issue this year because we find that those minimum wage workers are falling further and further behind.

I want to remind our colleagues about what has happened on the issue

of job growth because the most familiar argument we have in opposition to the minimum wage is that it will somehow dampen the increase in jobs and, secondly, it will add to the rate of inflation.

Let's look at what has happened in the most recent times. This chart goes from 1995 up through 1999 and it indicates when the Senate and the Congress actually increased the minimum wage. We increased the minimum wage to \$4.75 in 1996, and still we saw job growth continue through 1996 and 1997. We increased the minimum wage then in 1997 up to \$5.15. This was a two-step increase of 50 cents and 40 cents, up to what is now \$5.15.

There were those who warned the Senate of the United States that if we saw this kind of increase, we would lose anywhere from 200,000 to 400,000 or 500,000 jobs in the job market. But what we have seen is a continuation of the expansion of the job market, where we find it going up and up until September of 1999. Past increases in the minimum wage have not meant the loss of jobs.

Secondly, if we look at this chart, this is the employment rate. Another way of looking at the issue of jobs is the employment in our country with the increase in the minimum wage. The unemployment rate is at historic lows after a minimum wage increase. On the two steps here, if we look, we find that we went from almost 5.5 percent unemployment, and then in September of 1997 we were just below 5 percent. Since that time, it has continued to decline. So we have seen an expansion of the growth rate and a decline in overall unemployment in this country.

Well, you could say there must have been some impact in terms of the rate of inflation. But what we have seen, and as we know, is if you have an increase in productivity and the rise in productivity exceeds the increase in the payment, you don't get the rates of inflation. That is what we have seen.

According to labor statistics, we have seen what is represented by this blue line on the chart—an increase in productivity for American workers over the period from 1957 to 1959, up to 1998. This is the annual productivity increase. We have seen a significant increase in the productivity.

If we look at what has been the impact of the real minimum wage, the kind of decline here, now the spread between productivity and the purchasing power of the minimum wage is at one of its greatest since the enactment of the increase in the minimum wage. Productivity is up, and we should see an increase in terms of the wages for those workers.

If we look at what has happened in terms of the real value of the minimum wage, we see that in 1968 it would be worth \$7.49. If we had the minimum wage today in purchasing power of what it was in 1968, it would be \$7.49.

This is what has happened in terms of real dollars.

We are now at this level of \$5.15 an hour. Without this increase, it will drop down to \$4.80, almost back to where it was at the time we saw the very modest increase 4 years ago. Even with the increase, it would put the real value at \$5.73. With two 50-cent increases over the next 2 years, the purchasing power would still be only \$5.73. We are always playing catchup with the millions of American workers who receive the minimum wage.

We are delighted to debate these issues with those who continue to give the old, worn-out, tired arguments in opposition: that raising the minimum wage will mean loss of jobs and that it is going to add to inflation. We are glad to debate those issues. But we are being denied by the Republican leadership the ability to consider an increase in the minimum wage.

This is a Business Week editorial, May 17, 1999. It is not a Democrat journal. It is not a voice for the Democratic Party. Of course, years ago when we had the increases in the minimum wage, we had bipartisanship. It has been only in recent times when it has become a partisan issue.

As Business Week points out,

Old myths die hard. Old economic theories die even harder . . . higher minimum wages are supposed to lead to fewer jobs. Not today. In a fast-growth, low-inflation economy, higher minimum wages raise income, not unemployment.

I ask unanimous consent that the full article with regard to the minimum wage be printed in the RECORD.

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

[From Business Week, May 17, 1999]

#### THE MYTH OF THE MINIMUM WAGE

Old myths die hard. Old economic theories die even harder. Remember the one about inflation rising as unemployment falls? How about productivity dropping as the business cycle ages? Or the U.S. is a mature economy doomed to slow growth? One old favorite is that higher taxes inevitably lead to recession. These days, none of these theories appears to work. A new economy driven by high technology and globalization seems to be changing old economic relationships. But one economic shibboleth still remains popular: the bane of minimum wages.

Congress is debating whether to raise the minimum wage from \$5.15 to \$6.15. Opponents of the bill cite reams of economic research showing that minimum-wage hikes curtail demand for cheap labor. Like the trade-off between employment and inflation once said to be inherent in the Phillips curve, higher minimum wages are supposed to lead to fewer jobs. Not today. In a fast-growth, low-inflation economy, higher minimum wages raise income, not unemployment.

For proof, look no further than the minimum-wage hike of 1996-97. The two-stage hike of 90¢ raised the wages of nearly 10 million employees. Nearly three-quarters of these were adults, and half the people worked full-time. In 1996, the unemployment rate was 5.4%. Today, it is 4.2% (page 42).