Economists in support of a federal minimum wage of $15 by 2025

Today, workers who earn the federal minimum wage make $7.25 an hour—more than 30 percent less per hour than their counterparts made 50 years ago (after adjusting for inflation). We can afford to pay the lowest-paid workers in America substantially more than what their counterparts were paid a half century ago. Workers produce more today from each hour of work, with productivity more than doubling since the late 1960s.

We, the undersigned, support gradually increasing the minimum wage to $15 by 2025, and then indexing it to median wages to protect against future erosion. We also support gradually phasing out the outdated subminimum wage for tipped workers, which has been frozen at $2.13 since 1991.

This policy would directly lift the wages of 22 million workers by 2025. Another 10 million workers whose wages are just above the new minimum would likely see a wage increase through “spillover” effects, as employers adjust their internal wage scales. The vast majority of employees who would benefit are adults—disproportionately women—in working families, who work at least 20 hours a week and depend on their earnings to make ends meet. Increasing the minimum wage to $15 by 2025 is also an issue of racial justice. Due to the impacts of structural racism, Black and Hispanic workers are concentrated in low-wage jobs and would see disproportionate gains from this increase in the minimum wage.

A $15 minimum wage by 2025 would result in $107 billion in higher wages for 32 million low-wage workers, which would also benefit their families and their communities. Since lower-paid workers spend a large share of their additional earnings, this injection of wages would modestly stimulate consumer demand, business activity, and job growth. Further, modest and infrequent minimum wage increases are directly responsible for growing inequality between the bottom and the middle class; this minimum wage increase would provide a significant and much needed boost to the earnings of low-wage workers. And, because it would be indexed to growth in median wages, it would ensure that the wage floor keeps up with growth of middle-wage workers’ wages going forward.

The last decade and a half has seen a wealth of rigorous academic research on the effect of minimum
wage increases on employment, with the weight of evidence showing that previous increases in the minimum wage had little or no negative effects on the employment of low-wage workers.

It is time to support a bolder increase to address the fact that wages for workers at the low end of the labor market have continued to stagnate. Even if the growth of aggregate work hours for low-wage workers were to slow somewhat, workers who work less could still break even, or come out ahead, in terms of annual earnings. Since as many as 10 percent of the lowest-wage workers leave or start jobs every month, any decrease in the number of full-time equivalent jobs will mean that some workers will take more time finding a new job, or will work fewer hours. But many of these workers may still see their annual earnings rise because of their wage increase.

The benefits of gradually phasing in a $15 minimum wage by 2025 would be far-reaching, lifting pay for tens of millions of workers and helping reverse decades of growing pay inequality. The benefits of a $15 minimum wage in 2025 for workers, their families, and their communities far outweigh the potential costs. Of course, the minimum wage is just one of many policies designed to help low-wage workers. We believe that an increase in the minimum wage should be accompanied by complementary policies such as an expanded Earned Income Tax Credit (EITC), enhanced safety net measures, and—particularly important in the current context—policies to generate full employment and provide adequate fiscal relief until we get there.

Sincerely,

Daron Acemoglu, Massachusetts Institute of Technology, Ph.D.
Alan Aja, Brooklyn College, CUNY, Ph.D.
Randy Albelda, University of Massachusetts Boston, Ph.D.
Sylvia A. Allegretto, University of California, Berkeley, Ph.D.
Robert M. Anderson, University of California, Berkeley, Ph.D.
Eileen Appelbaum, Center for Economic and Policy Research, Ph.D.
Michael Ash, University of Massachusetts Amherst, Ph.D.
David Autor, Massachusetts Institute of Technology, Ph.D.
Dean Baker, Center for Economic and Policy Research, Ph.D.
Stephen Baldwin, Retired, Ph.D.
Nina Banks, Bucknell University, Ph.D.
Julia Berazneva, Middlebury College, Ph.D.
Josh Bivens, Economic Policy Institute, Ph.D.
Sandra E. Black, Columbia University, Ph.D.
Gail Blattenberger, University of Utah, Ph.D.
Robert A. Blecker, American University, Ph.D.
Barry Bluestone, Retired, Northeastern University Retired, Ph.D.
Barry Bosworth, Brookings Institute, Ph.D.
Clair Brown, University of California, Berkeley, Ph.D.
Jeffrey Carpenter, Middlebury College, Ph.D.
Lawrence Chimerine, Radnor Consulting, Ph.D.
Jennifer Cohen, Miami University, Ph.D.
Sheldon Danziger, University of Michigan, Emeritus, Ph.D.
Leila Davis, University of Massachusetts Boston, Ph.D.
Angus Deaton, Princeton University, Ph.D.
James Devine, Loyola Marymount University, Ph.D.
Geert Dhondt, John Jay College, CUNY, Ph.D.
Peter Diamond, Massachusetts Institute of Technology, Emeritus, Ph.D.
Peter Eaton, University of Missouri Kansas City, Ph.D.
Gerald Epstein, University of Massachusetts Amherst, Ph.D.
Andrew Fieldhouse, Middlebury College, Ph.D.
Dania Francis, University of Massachusetts Boston, Ph.D.
Raphaëlle Gauvin-Coulombe, Middlebury College, Ph.D.
Teresa Ghilarducci, The New School for Social Research, Ph.D.
Art H. Goldsmith, Washington and Lee University, Ph.D.
Ilene Grabel, Josef Korbel School of International Studies, University of Denver, Ph.D.
Bernhard Gunter, American University, Ph.D.
John R. Hansen, Coalition for a Prosperous America, Americans Backing a Competitive Dollar, and former Economic Advisor at The World Bank, Ph.D.
Martin Hart-Landsberg, Lewis and Clark College, Ph.D.
Jeffrey Hayes, Institute for Women's Policy Research, Ph.D.
Susan Helper, Case Western Reserve University, Ph.D.
Adam Hersh, Political Economy Research Institute, University of Massachusetts Amherst, Ph.D.
Emily Hoffman, Western Michigan University, Ph.D.
Michelle Holder, John Jay College, CUNY, Ph.D.
Candace Howes, Connecticut College, Ph.D.
Hilary Hoynes, University of California, Berkeley, Ph.D.
Jennifer Hunt, Rutgers University, Ph.D.
Jonathan Isham, Middlebury College, Ph.D.
Lawrence Katz, Harvard University, Ph.D.
Jeffrey Keefe, Rutgers University, Ph.D.
Mary C. King, Professor of Economics Emerita, Portland State University, Ph.D.
Janet Knoedler, Bucknell University, Ph.D.
Ebru Konar, Dickinson College, Ph.D.
Charalampos Konstantinidis, University of Massachusetts Boston, Ph.D.
Sinan Koont, Dickinson College, Ph.D.
Rishabh Kumar, University of Massachusetts Boston, Ph.D.
Haydar Kurban, Howard University, Ph.D.
Paul Leigh, University of California Davis, Ph.D.
Henry Levin, Columbia University, Ph.D.
Pamela Loprest, Urban Institute, Ph.D.
Lisa Lynch, Brandeis University, Ph.D.
Peter Matthews, Middlebury College, Ph.D.
Patrick L. Mason Florida State University, Ph.D.
Richard McGahey, The New School for Social Research, Ph.D.
John Miller, Wheaton College, Ph.D.
Lawrence Mishel, Economic Policy Institute, Ph.D.
Tamah Morant, North Carolina State University, Ph.D.
Monique Morrissey, Economic Policy Institute, Ph.D.
Tracy Mott, University of Denver, Ph.D.
Robert Murphy, Boston College, Ph.D.
Paulette Olson, Wright State University, Ph.D.
Spencer Pack, Connecticut College, Ph.D.
Prasannan Parthasarathi, Boston College, Ph.D.
Manuel Pastor, University of Southern California, Ph.D.
Mark Paul, New College of Florida, Ph.D.
Eva Paus, Mount Holyoke College, Ph.D.
Kenneth R. Peres, Retired, former Chief Economist Communications Workers of America, Ph.D.
Joseph Persky, University of Illinois Chicago, Ph.D.
Robert Pollin, University of Massachusetts Amherst, Ph.D.
Mark Price, Pennsylvania State Education Association, Ph.D.
Esteban J Quiñones, Mathematica, Ph.D.
Michael Reich, University of California, Berkeley, Ph.D.
Yana Rodgers, Rutgers University, Ph.D.
Jesse Rothstein, University of California, Berkeley, Ph.D.
Daniel Rubinfeld, University of California, Berkeley, Ph.D.
Emmanuel Saez, University of California, Berkeley, Ph.D.
Claudia Sahm, Stay-At-Home Macro, Ph.D.
Kristina Sargent, Middlebury College, Ph.D.
Robert Scott, Economic Policy Institute, Ph.D.
Peter Schaeffer, West Virginia University, Ph.D.
Stephen Schmidt, Union College Department of Economics, Ph.D.
John Schmitt, Economic Policy Institute, Ph.D.
Heidi Shierholz, Economic Policy Institute, Ph.D.
Aaron Sojourner, University of Minnesota, Ph.D.
Case Sprenkle, University of Illinois Urbana Champaign, Ph.D.
William Spriggs, AFL-CIO, Ph.D.
Kellin Stanfield, Hobart and William Smith Colleges, Ph.D.
Marshall Steinbaum, University of Utah, Ph.D.
James Stewart, Penn State University, Ph.D.
Diana Strassmann, Rice University, Ph.D.
Frank Stricker, National Jobs for All Network, Ph.D.
Chris Tilly, University of California, Los Angeles, Ph.D.
Paula Voos, Rutgers University, Ph.D.
Mwangi Wa Githinji, University of Massachusetts Amherst, Ph.D.
Richard Walker, University of California, Berkeley, Ph.D.
Ebonya Washington, Yale University, Ph.D.
Rob Wassmer, Sacramento State, Ph.D.
David Weil, Brandeis University, Ph.D.
Christian Weller, University of Massachusetts Boston, Ph.D.
Shelley White-Means, University of Tennessee Health Science Center, Ph.D.
Sarah Wilhelm, Western Governors University, Ph.D.