

the bare minimum wage, the \$1.60, who would be on the fringe of poverty, depending on your definition, or very close to it.

What is your logic behind your taking this position, in view of the fact that we are not going to be able to help them through manpower policies, in the near future anyway?

Secretary SHULTZ. I support the general concept of the minimum wage. I think it has done some good things in our economy. The question, however, is whether or not it would be wise to raise the current minimum wage by some amount—and we talk about various amounts—this year. I think there is also a question that was raised about the impact of a flat minimum wage covering all people.

Senator PROXMIRE. It is always a bad time to raise the minimum wage, isn't it? When you have an unemployment situation you say that to raise the minimum wage is going to make the unemployment situation worse. We have had some very dramatic increase in the minimum wage, 15 cents up to 50, and 75 cents to a dollar, and then to \$1.20, and now we are up to \$1.60. And every time we were warned that this was going to increase unemployment and was going to be inflationary. And to the best of my knowledge, there is no data—and there has been plenty of opportunity to develop data—there has been no data to show that this is true.

You raise a very understandable question as to how this will affect teenagers. As I understand it, 20 to 25 percent of the labor force isn't covered by the minimum wage. And by and large—of course, there are many exceptions—but by and large teenagers are employed in areas that are not covered. So I think that without data it is hard to conclude that this would necessarily be restrictive on teenage employment.

Secretary SHULTZ. I do not believe that I made a flat statement of my view about the teenage employment problem.

Senator PROXMIRE. You did not, that is true. You raised that as a problem.

Secretary SHULTZ. I raised that as a problem, sir. And I do think that it is a legitimate problem and the contrast between our experience and the experience in other countries which handled this differently is quite striking.

The rise in teenage unemployment is much more of a problem now, relatively speaking, than it was, say, 10 years or so ago. It makes you wonder. Maybe it has some connection with the fairly rapid increases that have taken place, and the expansion of coverage. I am not ready to reach a conclusion on that either way. But I am certainly not going to sit here and say that I agree that the minimum wage has no impact on employment. I think it does.

But the question is whether or not, despite that, it can be desirable.

Senator PROXMIRE. You see, what this seems to spell out to some extent is that these policies of putting the whole burden of restraining inflation on monetary and fiscal policy—if you accept the Phillips concept of a trade-off between unemployment on the one hand and price stability on the other—and there seems to be a very logical argument in favor of that—it seems that the whole burden is put on the people with low income, the people who are likely to be out of work. And in a year in which Congress has increased its pay by 40 percent, it is