



The history of minimum wage laws is intertwined with America's larger economic and social story, spanning the hardships of the Great Depression to our modern digital economy. This subject includes a struggle between creating wealth and upholding fairness. Let's dig into the complex history of these laws, from their start in the New Deal era, through changes over time, to their current state and effect on today's American workforce. The 1938 Fair Labor Standards Act started the minimum wage, initially at just 25 cents an hour. This reflects the very different economics of that time. Since then, the U.S. has continuously discussed the reasons, benefits, and effects of this essential work regulation.

## **New Deal Era: The Establishment of Minimum Wage**

During the New Deal Era in the 1930s, America saw the birth of its first federal minimum wage. President Franklin D. Roosevelt's administration came up with a series of programs, public work projects, and regulations known as the New Deal, aiming to give relief to the poor, recover the economy, and reform the financial system. The Fair Labor Standards Act (FLSA) of 1938 was one of these reforms. For the first time, the U.S. had a law that safeguarded workers from low pay and excessive hours. The act made employers pay at least 25 cents per hour, which is equivalent to \$4.54 today, and limited the maximum working hours to 44 per week.

### **The Historical Background of Establishing Minimum Wage**

These laws were brought in by [President Franklin D. Roosevelt](#) during the economic hardship caused by the Great Depression. Roosevelt launched the New Deal program, which included federal plans, public works, financial reforms, and rules to boost the economy. Make sure to remember the FLSA, as it set the first minimum wage at 25 cents per hour. Its goal was to ensure a basic living standard for workers and boost economic growth by giving people more money to spend.

### **Impact of the New Deal Era on Minimum Wage Policies**

Before the New Deal, workers often suffered mistreatment, with long working hours and very low pay. Write the Fair Labor Standards Act in 1938; President Franklin D. Roosevelt set the first federal minimum wage at 25 cents per hour as part of the New Deal Program. This Act aimed to improve living standards, reduce poverty, and boost the economy by increasing workers' buying power. Since then, the minimum wage has continuously been a heated subject in political discussions.

## **Post-war Period: Changes and Challenges in Minimum Wage Laws**

This time was mainly about adjusting to new circumstances and dealing with new issues. The Fair Labor Standards Act (FLSA), established in 1938, paved the way for minimum wage laws. But the thriving post-war economy required several law revisions. In 1949, the FLSA was amended to raise the minimum wage and protect more workers. There was another modification in 1955 that further boosted the wage. Adapt the minimum wage to the rising cost of living due to inflation. Because of this, President Kennedy signed a 1961 amendment to protect more workers and raise the wage.

## **1960s-70s: The Impact of Inflation and Economic Changes on Minimum Wage**

In 1961, President Kennedy made a law to increase the minimum wage for more workers, but then inflation became a big economic factor. Take note: inflation reduces the value of money, meaning a dollar today is more valuable than a future dollar. Minimum wage adjustments are often irregular. So, even though there were small increases to the minimum wage in this time, the actual wages—considering inflation—were decreasing. Inflation was very high in the 70s, even reaching double digits on a yearly basis, rapidly reducing the real value of the minimum wage.

By the end of the 70s, the minimum wage had the lowest purchasing power since the end of World War II. The economy did not respond well to inflation and wage changes. Higher wages can increase inflation if businesses have to put up prices to cover higher labor costs, creating a negative loop. High minimum wages can also discourage hiring, leading to higher unemployment.

## 1980s-1990s: Stagnation and Controversy Surrounding Minimum Wage Laws

After the economic boom, following the war, the country faced financial problems in the late 20th century. It caused a move towards more conservative economic policies, which left wages stagnant and stopped increases in the federal minimum wage. Even though living costs increased, the minimum wage stayed at \$3.35 from 1981 to 1990, making a big gap between the wage and living costs for minimum wage workers.

Then, people began to dispute the issue of minimum wage more. Conservative economists said that high minimum wages could cause businesses to cut jobs. But liberal experts and activists said that raising the minimum wage was necessary for social justice and to give minimum wage workers a livable income. Remember to consider both sides when discussing minimum wage changes. The freezing of minimum wage in the 1980s was broken in 1989 when Congress passed wage-increase laws under President George H.W. Bush. Yet, the arguments about the minimum wage went into the 1990s.

## 21st Century: Current Trends and Legislative Changes in Minimum Wage

first started during the 1930s New Deal period under President Roosevelt. The Fair Labor Standards Act of 1938, part of other labor reforms, set the first federal minimum wage at \$0.25 per hour. This law significantly improved workers' rights. It steered the country towards better pay for workers. In the 21st century, minimum wage is still a hot topic. Since 2009, the federal minimum wage has been \$7.25 per hour. Over time, due to inflation and higher costs of living, it's lost its buying power. Because of this, many people are demanding changes to the law.

Consider changing the law to improve the situation. Lawmakers suggest different ways to fix it. Some want a [gradual increase](#) to \$15.00 per hour by 2025. Others suggest varying it regionally based on the cost of living. The "Fight for \$15" movement, which started in 2012, plays a major role in shaping these proposals and the overall discussion on wage increases. The COVID-19 pandemic has also sparked more talk on minimum wage. Many essential workers earn a minimum wage and have been front and center during the pandemic. This has led to more focus on their pay. In light of no federal action, several states have elevated their minimum wages. Twenty-nine states and Washington, D.C., currently pay more than the federal level.

## The Takeaway

They began at just 25 cents and are now at \$7.25 per hour at the federal level. These laws have faced many challenges and criticisms. There are differences from state to state, which makes the system complex. There's also a lot of debate about whether these laws are effective and right. Looking ahead, the US needs to find a balance between paying workers fairly and the economic impact of higher wages. Any changes will surely

show what our society values and believes about the economy. So, the story of minimum wage laws is really interesting because it shows how our views on poverty, worker's rights, and fairness have changed.

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