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Opening Statement by
The Honorable John Fleming
Chairman, Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs
Oversight Hearing on
“The Impact Of Minimum Wage Increases in American Samoa
and The Commonwealth of The Northern Mariana Islands”
September 23, 2011

Good morning, the Subcommittee on Fisheries, Wildlife, Oceans and Insular Affairs will conduct an oversight hearing on the impact of minimum wage increases in the territories of American Samoa and the Commonwealth of the Northern Mariana Islands.

The Fair Labor Standards Act was enacted in 1938. The law applied to all states and U.S. territories. However during the history of the law, Congress amended it to allow certain territories to use special industry committees to determine local wage rates or passed separate legislation to allow a territory to retain authority over setting wages for local industries.

The decades-long practice of allowing wage rate flexibility in American Samoa and the Northern Mariana Islands ended in 2007. The 110th Democratic-led Congress required the application of the federal minimum wage in American Samoa and the Northern Mariana Islands, through annual 50 cent per hour increases until the federal wage of \$7.25 is met. To date, three minimum wage increases have occurred in American Samoa, and four minimum wage increases have occurred in the Northern Mariana Islands.

Congress required the Department of Labor and the Government Accountability Office to report on how minimum wage increases were affecting living standards and employment in the territories. The reports detailed the vulnerability of the two territories to outside factors influencing their economies including the global recession, foreign competition and federal actions which have led to declines in their economies over the last decade. The requirement to increase local minimum wages to federal levels further exacerbated economic conditions in the territories leading to the loss of a cannery in American Samoa and the loss of the garment industry in the Northern Mariana Islands.

In 2009, to alleviate the effects of the minimum wage increases in the two territories, Congress passed legislation to delay the annual 50 cent per hour increase in American Samoa for two years and allowed an increase in 2010, but no increase in 2011 for the Northern Mariana Islands.

We will hear testimony today regarding the on-the-ground effects of minimum wage increases in the two territories. I am interested to hear from today's witnesses on how mandatory minimum wage increases affected the economies in the territories and hurt revenue sources on the islands.

I now recognize our Ranking Member Mr. Sablan, for any statement he would like to make.