

Heterogeneous Impact of the Minimum Wage: Implications for Changes in Between- and Within-group Inequality*

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Abstract

Workers who earn at or below the minimum wage in the United States are mostly either less educated, young, or female. This paper shows that changes in the real value of the minimum wage over recent decades have affected the relationship of hourly wages with education, experience, and gender. Changes in the real value of the minimum wage account in part for the patterns of changes in education, experience, and gender wage differentials and mostly for the patterns of changes in within-group wage differentials.

KEYWORDS: Minimum wage; wage inequality; censoring; quantile regression.

JEL CLASSIFICATION: C21, C23, J31, J38, K31.

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