

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

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March 2019

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.

*We are grateful to Richard Blundell, Iván Fernández-Val, Kengo Kato, Hidehiko Ichimura, Edward Lazear, David Neumark, Whitney Newey, Ryo Okui, Jesse Rothstein, Aloysius Siow, and conference and seminar participants in Advances in Econometrics Conference, Asian and Australasian Society of Labour Economics Inaugural Conference, Asian Conference on Applied Microeconomics, Econometric Society Asian Meeting, International Association for Applied Econometrics Annual Conference, Kansai Labor Economics Workshop, Kyoto Summer Workshop on Applied Economics, Mini-conference in Microeconometrics, Society of Labor Economists Annual Meeting, Trans Pacific Labor Seminar, Seoul National University, Shanghai University of Finance and Economics, and University of Sydney for comments, questions, and discussions. Oka gratefully acknowledges financial support from the Australian Government through the Australian Research Council's Discovery Projects (project DP190101152). Yamada gratefully acknowledges financial support from the Kyoto University Foundation, the Murata Science Foundation, and JSPS KAKENHI grant number: 17H04782.

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