

# **Do Minimum Wages Affect Drug Use Outcomes? Evidence from Canada**

Yichen Shen<sup>1,2</sup> and Haruko Noguchi<sup>3,4</sup>

## **ABSTRACT**

This study investigates the causal effect of minimum wages on drug use outcomes.

Using a difference-in-differences approach and 2008–2015 Canadian datasets, we find that minimum wages increased cannabis participation and problematic cannabis use, but not hard drug participation in Canada. The results are robust to various specifications, including but not limited to triple-difference and event-study approaches. We also show that the effect is stronger on men than women. We explore how the Great Recession affect the causal relationship, and observe that the Great Recession reverse the causal effect of the minimum wages on cannabis use, but not hard drug use. Finally, our results are mediated by labor market outcomes, specifically an increase in working hour and wage.

**Keywords:** Minimum wages; cannabis, hard drug; difference-in-differences; Canada

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<sup>1</sup> Waseda Institute of Social and Human Capital (WISH), Japan; Email: shenyc@toki.waseda.jp

<sup>2</sup> Kanagawa University of Human Services, Japan

<sup>3</sup> School of Political Science and Economics, Waseda University, Japan

<sup>4</sup> WISH, Japan