Twitter Thread by John B. Holbein



John B. Holbein
@JohnHolbein1

Does raising the minimum wage reduce the number of low-wage jobs?

No.

"We also find no evidence of disemployment when we consider higher levels of minimum wages."

https://t.co/vlgagEHeyy

THE EFFECT OF MINIMUM WAGES ON LOW-WAGE JOBS*

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We estimate the effect of minimum wages on low-wage jobs using 138 prominent state-level minimum wage changes between 1979 and 2016 in the United States using a difference-in-differences approach. We first estimate the effect of the minimum wage increase on employment changes by wage bins throughout the hourly wage distribution. We then focus on the bottom part of the wage distribution and compare the number of excess jobs paying at or slightly above the new minimum wage to the missing jobs paying below it to infer the employment effect. We find that the overall number of low-wage jobs remained essentially unchanged over the five years following the increase. At the same time, the direct effect of the minimum wage on average earnings was amplified by modest wage spillovers at the bottom of the wage distribution. Our estimates by detailed demographic groups show that the lack of job loss is not explained by labor-labor substitution at the bottom of the wage distribution. We also find no evidence of disemployment when we consider higher levels of minimum wages. However, we do find some evidence of reduced employment in tradeable sectors. We also show how decomposing the overall employment effect by wage bins allows a transparent way of assessing the plausibility of estimates. *JEL* Codes: J23, J38, J88.

Minimum wage increases reduce crime.

https://t.co/1G1clXqF9t

The Minimum Wage, EITC, and Criminal Recidivism
Amanda Y. Agan and Michael D. Makowsky
NBER Working Paper No. 25116
September 2018
JEL No. J08,J2,K31,K42

ABSTRACT

For recently released prisoners, the minimum wage and the availability of state Earned Income Tax Credits (EITCs) can influence both their ability to find employment and their potential legal wages relative to illegal sources of income, in turn affecting the probability they return to prison. Using administrative prison release records from nearly six million offenders released between 2000 and 2014, we use a difference-in-differences strategy to identify the effect of over two hundred state and federal minimum wage increases, as well as 21 state EITC programs, on recidivism. We find that the average minimum wage increase of $0.50 reduces the probability that men and women return to prison within 1 year by 2.8%. This implies that on average the effect of higher wages, drawing at least some released prisoners into the legal labor market, dominates any reduced employment in this population due to the minimum wage. These reductions in returns to incarcerations are observed for the potentially revenue generating crime categories of property and drug crimes; prison reentry for violent crimes are unchanged, supporting our framing that minimum wages affect crime that serves as a source of income. The availability of state EITCs also reduces recidivism, but only for women.

When you increase the minimum wage, you decrease infant mortality among poor families.

https://t.co/iwW1FDsLYG

The Minimum Wage and Infant Mortality

Ali Jalali †

10 · 29 · 2018

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Abstract

Interest in the non-economic impact of minimum wage laws have led to a growing literature examining how population health measures respond to state minimum wage increases in the US. These studies rely on the canonical two-way fixed effect estimator, which is an unreliable method to infer causal effects with spatially heterogeneous populations. In this paper, I study the impact of minimum wage differences across states and within-state ordinances on infant mortality rates. I isolate the causal effect of the minimum wage by employing a spatial regression discontinuity design using neighboring counties in different states that are contiguous to a common state border as local treatment and control populations. I find that a 10 percent increase in local cost-of-living adjusted minimum wage reduces infant mortality rates by 3.2 percent among lower-educated mothers—a group more likely affected by minimum wage changes. I find that reductions in infant mortality is concentrated in the post-neonatal period. I also demonstrate that the traditional empirical approach employed in this literature will produce lower estimates of the health impact of the minimum wage. My findings provide robust evidence that minimum wage increases are causally linked with improved infant health.

Increasing the minimum wage improves kids' health.

https://t.co/66DLHERpOJ

Effects of the Minimum Wage on Child Health

George Wehby, Robert Kaestner, Wei Lyu & Dhaval M. Dave

SHARE

WORKING PAPER 26691 **DOI** 10.3386/w26691 **ISSUE DATE** January 2020
REVISION DATE December 2020

Effects of the minimum wage on labor market outcomes have been extensively debated and analyzed. Less studied, however, are other consequences of the minimum wage that stem from changes in a household's income and labor supply. We examine the effects of the minimum wage on child health. To obtain estimates, we use data from the National Survey of Children's Health in conjunction with a difference-in-differences research design. We find that an increase in the minimum wage throughout childhood is associated with a significant improvement in child health. A particularly interesting finding is that much of the benefits of a higher minimum wage are associated with the period between birth and age five.

The minimum wage reduces racial income inequality.

https://t.co/wkn9Ajotlx

ACCEPTED MANUSCRIPT

Minimum Wages and Racial Inequality*

Ellora Derenoncourt ✉, Claire Montialoux ✉

The Quarterly Journal of Economics, qjaa031, https://doi.org/10.1093/qje/qjaa031
Published: 14 September 2020

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Abstract

The earnings difference between white and black workers fell dramatically in the United States in the late 1960s and early 1970s. This paper shows that the expansion of the minimum wage played a critical role in this decline. The 1966 Fair Labor Standards Act extended federal minimum wage coverage to agriculture, restaurants, nursing homes, and other services which were previously uncovered and where nearly a third of black workers were employed. We digitize over 1,000 hourly wage distributions from Bureau of Labor Statistics industry wage reports and use CPS microdata to investigate the effects of this reform on wages, employment, and racial inequality. Using a cross-industry difference-in-differences design, we show that earnings rose sharply for workers in the newly covered industries. The impact was nearly twice as large for black workers as for white. Within treated industries, the racial gap adjusted for observables fell from 25 log points prereform to zero afterwards. We can rule out significant disemployment effects for black workers. Using a bunching design, we find no aggregate effect of the reform on employment. The 1967 extension of the minimum wage can explain more than 20% of the reduction in the racial earnings and income gap during the Civil Rights Era. Our findings shed new light on the dynamics of labor market inequality in the United States and suggest that minimum wage policy can play a critical role in reducing racial economic disparities.

“We find that raising the minimum wage increases earnings growth at the bottom of the distribution, and those effects persist and indeed grow in magnitude over several years.”

https://t.co/bYuxhaieN4

> New working paper!
>
> The Distributional Effects of Minimum Wages: Evidence from Linked Survey and Administrative Data
>
> By me and @john_voorheishttps://t.co/Fmnwps9osR
>
> — Kevin Rinz (@kevinrinz) March 28, 2018

https://t.co/1L8Hh6OqmX

> \u201cWe find that the average minimum wage increase of 8% reduces the probability that men and women return to prison within 1 year by 2%.\u201d https://t.co/wH2NK5zhHp
>
> — John B. Holbein (@JohnHolbein1) January 7, 2018

"Overall the most up to date body of research from US, UK and other developed countries points to a very muted effect of minimum wages on employment...Importantly, this was
found to be the case even for the most recent ambitious policies."

https://t.co/SISetZLMMX

Impacts of minimum wages:
review of the international evidence

Arindrajit Dube,
University of Massachusetts Amherst,
National Bureau of Economic Research
and IZA Institute of Labor Economics

November 2019

"This [meta-analysis] finds no statistically significant aggregate adverse employment effect of the national minimum wage [in the U.K.] and also no publication bias in the minimum wage literature."

https://t.co/Pw3t94wXZd

Abstract

This report includes the findings from a meta-analysis of the empirical UK national minimum wage literature. Similar to a previous UK minimum wage study by de Linde Leonard et al. (2014), this study finds no statistically significant aggregate adverse employment effect of the NMW and also no publication bias in the NMW literature. However, estimates for different sub-groups suggest some relatively larger adverse employment effects for some labour market groups, such as part-time employees.