

Downstream effects of higher minimum wages

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May 9, 2019

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Mortality

Parental
employment,
child poverty

- Substantial variation in state minimum wage policies
 - Large literature: effects on labor demand
- More recently: focus on downstream outcomes
- Findings from two recent studies:
 - 1 Effects of the minimum wage on suicides
 - 2 Effects of the minimum wage on parental labor supply and child poverty

Effects of the minimum wage on suicides

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Can Economic Policies Reduce Deaths of Despair

Dow, Godoey, Lowenstein and Reich, NBER WP 25787

- Rising mortality rates among less educated americans, driven by increases in so-called “deaths of despair”
 - Drugs, suicides, alcohol
 - Suicides up 33% 1999 - 2017
- This paper: effects of economic policies (EITC, minimum wage) on drug, suicide deaths for adults with high school or less

Effects of the minimum wage on suicides

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- We use data from the CDC - all deaths 1999 - 2015
- No effects of either policy on drug-related deaths
- Economic policies significantly affect suicide rates

Effects of the minimum wage on suicides

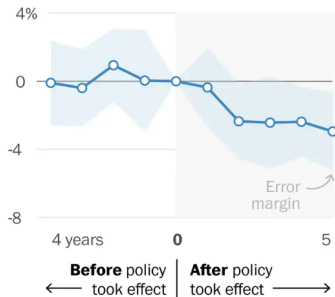
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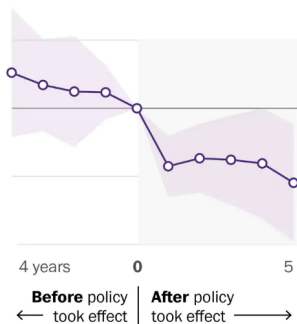
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Parental employment, child poverty

10% increase in earned-income tax credit



10% minimum-wage increase



Notes: Excludes drug-related suicides; data from 1999 to 2015.

Source: William Dow, Anna Godoey, Christopher Lowenstein and Michael Reich (U.C. Berkeley)

THE WASHINGTON POST

Effects of the minimum wage on suicides

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- Effects larger for women, young adults
 - More likely to work minimum wage jobs
- 10% higher minimum wages reduce non-drug suicides among Americans with high school or less by 3.6%

Effects on parents employment, child poverty

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Parental Labor Supply: Evidence From Minimum Wage Changes
Godoy, Reich and Allegretto, IRLE WP #103-19

- 30% of minimum wage workers have children
- Could higher wages enable parents to overcome barriers to employment, such as childcare costs?

Effects on parents employment, child poverty

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Key findings

- Higher minimum wages → higher employment rates, more hours, less welfare receipt
- This results in significant reductions in child poverty
- Effects of 10% increase in MW on children of mothers with HS or less:
 - All ages: poverty down 5.9%
 - Children of single mothers: poverty down 11%
 - Preschool age children: poverty down 9.7%