

Paper: Effect of Minimum Wage on Changes in Thai Labor Market

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What this paper does:

Evaluating effects on minimum wage changes on labour outcomes: employment, working hours & earnings

Use individual-level (short) longitudinal dataset from Matched-ORG Labour Force Surveys (collected 2002-2013). Only private employees.

Analysis is separated into periods (i) **before** minimum wage hike (ii) **after** the hike

And different estimation models for Thai and foreign workers

Different findings between these periods:

- Before Hike: (+) earnings, (-) hours worked, (-) bonus & OT, (-, insignificant), employment
- After Hike: (+, insignificant) employment

Discussions

I. Data constructions

- Representativeness of the individuals in LFS' ORG
- Employment definition: those of out-of-labour force
- Earnings: unconditional vs conditional on being employed
- Age ranges (16-60): covers some switchers by other factors aside minimum wage (student-to-worker , worker-to-retiree)

II. Heterogeneous effects of minimum wage

- Emphasis on distributional differences (main results)
- Elasticities (see Harasztosi and Lindner, 2019) :
 - Earning types: salary earners vs daily-wage earners
 - Sectors: tradable vs non-tradable;

Suggestion for further analysis

1. Focus on transition *within* individual

$$E_{i,t} = \text{wage}_{i,t} + \varepsilon_{it}$$

$$(\Delta E_{i,t+s}) = \Delta \text{wage}_{i,t+s} + \Delta X + \varepsilon_{i,t+s}$$

2. Also exploit exogeneous $\Delta \text{min_wage}$ across provinces (Lathapipat and Poggi, 2016) and follow Cengiz et al (2019)
3. Mechanisms
 - Margins of adjustment (firm-side): revenue, profits, price
 - Roles of market imperfection: friction and competitiveness

References

Cengiz, D., Dube, A., Lindner, A., & Zipperer, B. (2019). The Effect of Minimum Wages on Low-Wage Jobs, *Quarterly Journal of Economics*, forthcoming

Harasztosi, P., & Lindner, A. (2019). Who Pays for the Minimum Wage?, *American Economic Review* , forthcoming

Lathapipat, D., & Poggi, C. (2016). From many to one: Minimum wage effects in Thailand. *PIER Discussion Papers*, (41).