Minimum Wages in Mexico

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This paper uses micro data from the ENEU to document changes in the wage structure of formal urban workers in Mexico between 1988 and 1999 and to assess the contribution of the minimum wage in shaping such trends.

We are not the first to examine the impact on minimum wages in less developed economies and in particular in Mexico. Bell (1997) uses a sample of Mexican manufacturing firms between 1984 and 1990 and finds no effect of the minimum wage on the wage distribution, although data from the 1988 *Encuesta Nacional de Empleo* show a pronounced spike in the wage distribution corresponding to the minimum wage. Work by Maloney and Nunez (2004) examines the effect of minimum wage setting on the formal and informal wage distribution in a variety of Latin American countries. Indeed the authors show the existence of a spike in the wage distribution of formal workers corresponding to the minimum wage. Perhaps more novel is their results that minimum wages also happen to have an effect on the distribution of informal workers' wages, suggesting that at least in Mexico, minimum wages act as a nominal anchor wages in the economy for both formal and informal workers. Consistent with this finding, a number of authors (Castellanos et. al 2004, Fairris et al. 2005) also show that there are spillover effects of the minimum wage on the (formal) wage distribution in Mexico. In particular there is an apparent tendency for the wage distribution to show some bunching at multiples of the minimum wage, and for wage increases to be in multiples of minimum wage increases, an effect generally labeled as 'lighthouse' effect.[1]

Other work on Mexico concentrates specifically on the effect of changes in the minimum wage on the trends in the wage distribution, suggesting a potential important role for minimum wages in shaping the evolution of wage differentials. The evidence in these papers though relies simply on time series variation. In particular Popli (2006) argues th0061t the timing of changes in the wage structure in Mexico is more consistent with the trends in

[1] This effect that is common across several Latin American countries and arguably dates back to the period of hyperinflation, when the level of prices changed by the day and the minimum wage acted as numeraire for wage setting.

labor market reforms than those of other reforms, notably the trade and financial liberalization following the signing of NAFTA. One problem with this paper as many early papers on the effect of minimum wages on the wage distribution is that the time series variation is at least a dubious source of variation to identify the impact of minimum wages on the wage distribution. The existence of unobserved changes in macroeconomic factors that happen to be correlated with minimum wages will tend to lead to biased estimates of the impact of interest.

In order to circumvent this problem in this paper we apply the methodology devised by Lee (1999) for the USA (and applied to an analysis by US states). We apply this methodology to the analysis of the effect of minimum wages by municipality in Mexico. We compare municipalities with the same level of minimum wages but different average wage. If the mean wage, and hence the gap between the mean wage and the minimum wage is lower in municipality 1, say, compared to municipality 2, one would expect the minimum wage to 'bite' more in 1 than in 2. We attribute any difference between the dispersion of wages in municipality 1 relative to municipality 2 to the effect of the minimum wage. The main identification assumption underlying this approach is that in the absence of minimum wages wage dispersion would be the same (or possibly would change similarly) across different municipalities. As shown in Lee (1999) this strategy lends itself to a clear falsification test, since for the wage structure to be (or vary) similar(ly) across municipalities in the absence of minimum wages, one would expect to find no correlation between the wage structure in the upper part of the wage distribution and the minimum wage.

The structure of the paper is as follows. Section 1 introduces the data and describes minimum wage setting in Mexico. Section 2 presents basic trends in wage inequality in Mexico against a background of varying macroeconomic conditions. Section 3 presents the identification strategy and the regression results. Section 4 concludes.

1. DATA

This paper employs the National Survey of Urban Employment (ENEU). The main objective of the ENEU is to establish a continuous system of statistical information for the socio economic characteristics of the population employed in the public and the private sectors in urban Mexico. The survey is undertaken quarterly and households stay for stay for 5 consecutive quarters in the sample. The unit of analysis is the household. Although the survey registers basic information of all members of the household, it only records detailed labor market information for individuals aged 12 of more.

Information about employment status, such as main job, benefits, industry and occupation refers to the previous week. The only exception is the labor earnings variable which refers to the usual monthly wage of the individual. This will be important because the minimum wage in Mexico is set in terms of minimum daily wage.

We merge individual worker's information from the ENEU within information on minimum wages by municipality. The general minimum wage covers all Mexican workers. In the case of domestic workers for whom food and housing is provided, the minimum monetary payment is half of the minimum wage. Since 1966, a system of occupational minimum wages has also coexisted with the general levels.

The Mexican minimum wage system was first introduced in 1917 following the adoption of a new Constitution. At the beginning the system was conceived at the municipal level, being highly decentralized. Progressively, the system evolved into a regional system of minimum wage determination with central coordination, until finally in 1986 the regional commissions were abolished, with responsibility for the minimum wage set at the central level. At present the system consists of three general minimum wages applicable to municipalities in different geographic area (A, B and C see Figure 1, with A being the highest

minimum wage and with C the lowest) which coexists with 88 occupational minimum wages, all of which are determined at the central level by the National Commission of Minimum Wages. In order to maintain the relative bite of the minimum wage unchanged across areas, minimum wage increases across areas broadly reflect changes in the average wage in that area.

As of 1999 the ENEU was gathering information from 44 urban areas (similar in definition to the US Metropolitan Statistical Areas) and 190 municipalities which accounted for around 62% of urban population in Mexico and 93% of the population in urban areas with population over 100.000. Although the questionnaire has remained essentially unchanged over time with only minor changes in 1994, the city coverage has changed considerably. From 1988 to 1992 the survey comprised 16 major urban areas and 66 municipalities. In 1992 18 more urban areas and around 100 municipalities were introduced and through the following years additional urban areas were included in the sample to reach 44 at the beginning of 1998.

In order to perform our analysis in the rest we restrict to 57 municipalities in 16 urban areas that are consistently present in the sample from the 1st quarter of 1988 to the last quarter of 1999. This comprises 23 zone A municipalities, 13 zone B municipalities and 21 zone C municipalities. We restrict our analysis to full time (between 25 and 80 hours a week) wage earners (both male and females) in the formal sector aged between 16 and 60. We define formal worker as those who report to be earning a wage and making social security contributions to either the social security institute for private workers (ISMMS) or the analogous for public sector workers (IMSSTE). Additionally we drop the 1% of both tails of each municipality's wage distribution.

The labor earnings variable in our analysis used includes earnings from just the primary job. Similarly, hours refer to the total number of hours worked in that job. Earnings refer to usual pay and include overtime premia and other bonuses.

One additional complication is that the minimum wages is given in daily pesos whereas the reported income in the ENEU is monthly. We divided the monthly wage by the official daily minimum wage resulting on spikes at 30 in all three regional distributions. Therefore we chose to transform the daily official minimum wages into the monthly minimum wage multiplying it by 30.

2. BASIC TRENDS

In this section we provide basic evidence on the trends in the distribution of wages among formal workers in Mexico and the potential bite of the minimum wage. Figure 2 reports the evolution of the wage structure in the three geographical areas described above. For each area we report the difference between the first, third, seventh and ninth decile and the median of the log wage distribution. All series are standardized to their value in 1988. Alongside we also report a measure of the difference between the minimum wage and the median wage in that area (the Kaitz index). A few observations are in order.

First one can notice a clear fanning out of the wage distribution throughout the period of analysis. In all three regions inequality rises from the top. The ninth-fifth decile gap grows by between 2 and 3 percentage points a year over the twelve years of observations. This is a very significant change even compared to what observed in the US over the same period. Up to until the signing of NAFTA in 1994 and the subsequent financial crisis of 1995, inequality also increases from the bottom, displaying some stability or even a reversion in the trend in the second half of the 1990s. In all three areas, the first-fifth percentile falls by around 4 percentage points a year over eight years. During this period the differential between the top

and bottom decile grows by between 6 and 7 percentage points a year, an increase of more than 50 log points.

A second feature that emerges from the Figure is that the increase in inequality from the bottom of the distribution follows closely the deterioration in the real value of the minimum wage between 1988 and 1994. This fall is in the order of 8 to 9 percentage points a year and largely due to the small nominal increases in the minimum wage in the face of double digit inflation.[2] Equally remarkable is that after 1995, despite resurgence in inflation, the legislated increases in the minimum wage (apparently one condition imposed by the US for the signing of NAFTA) generated a decrease in the difference between the minimum wage and the median of the wage distribution. Over this period the Kaitz index grows on average by about 2 percentage points a year. It is remarkable that over this same period inequality from the bottom of the distribution also falls, with the first to fifth deciles gap growing by about 3 percentage points a year.

In sum, the data in Figure 2 seem to suggest a clear effect of minimum wages on the wage distribution. It appears that the initial dramatic fall in the real "bite" of the minimum wage and its subsequent increase from 1995 onward track relatively well the overall evolution of the bottom tail of the wage distribution. Notice though that inequality at the top of the distribution seems to trend upward throughout the period (with the exception perhaps on the very last two years). Because the minimum wage is unlikely to have an effect in the upper tail of the distribution, this probably suggests that other forces were acting at the same time in pushing wage differentials to widen.

In order to further explore the dynamics of the formal wage structure and its evolution over time in figure 3 we report kernel density estimates of the distribution of wages at three points in time: 1988, 1994 and 1999. Again we provide separate evidence by geographical

[2] The inflation rate drops from 115 in 1987 to single digits by 1994.

area. These are similar to the pictures in DiNardo et al (1996). In order to get a visual impression of the time changes in the wage distribution, in each of the figures we report the distribution of log wages over two consecutive points in time (respectively 1988 and 1994 and 1994 and 1999). All series are standardized to the area specific median wage. Alongside two vertical lines report the value of the minimum wage in the two consecutive years. One can clearly see a general widening of the distribution between 1988 and 1994 and a substantial stability afterwards. More remarkable is the circumstance that the minimum wage appears to create a support for the wage distribution in the early years across all areas. One can see a clear spike in the distribution at the minimum wage although compliance appears far from full. Between 1988 ands 1994 the minimum wage declines sharply that is represented in the picture by a substantial shift of the vertical line leftwards. One can clearly see that as the minimum wage declines the distribution 'fattens up' at the bottom tail while the bunching around the old minimum wage disappears. By 1994 the minimum wage is so down the wage distribution that it offers very little support to it. Changes in the minimum wage between 1994 and 1999 are rather modest, as already shown above, and - if anything - one can see a moderate decrease in inequality over this period.

3. REGRESSION ANALYSIS

The evidence in Figures 2 and 3 clearly shows that the timing of the changes on the minimum wage in Mexico appear to track particularly well the changes in the distribution of formal wages at the bottom of the distribution. Although this evidence is suggestive of a potential role of minimum wages in shaping the wage distribution, this is far from being a definite proof. In order to identify this effect, in the following we concentrate on the wage distribution by municipality. Following Lee (1999) (who uses this strategy by US state) we postulate that in the absence of minimum wage, the wage structure is the same across municipalities if not

for differences in median wages. We attribute any deviation around this common (unobserved) wage differential to the effect of minimum wages. In formulas we assume that:

$$(1) \qquad w_{mt}(q)-w_{mt}(50)= \begin{cases} d_{qt} & \text{if } w_t^*(q) >= MW_{mt} \\ MW_{mt}-w_{mt}(50) & \text{if } w_t^*(q) < MW_{mt} \end{cases}$$

where $w_{mt}(q)$ is the q-th quantile of the log wage distribution in municipality m at time t, MW_{mt} is the log of the nominal minimum wage in the same municipality, and a star denotes latent variables.

Model (1) assumes that the latent differential between the q-th and the 50^{th} percentile of the log wage distribution is the same across municipalities and is denoted by d_{qt}. Actual wages can differ from their latent level if that latent level is below the minimum wage. Because the minimum wage is effectively the same across municipalities (if not for the small differences across the three areas), its bite depends effectively on the average wage level in each area. If the minimum wage has an effect, one would expect this effect to be high (low) in areas where the median wage is low (high). In practice model (1) attempts to identify the effect of the minimum wages based on the interaction between municipality and time at each percentile, with this interaction being generated by the same minimum wage in the face of different average wages. The counterfactual distributions d_{qt} - i.e. the one that would be observed in the absence of the minimum wage - is estimated based on municipalities with high average wage and hence where differentials are unaffected by the minimum wage itself.[3] An interesting feature of the simple model in (1) is that for sufficiently high q one would expect differentials across municipalities to be the same across areas. This in turn implies that the model provides an implicit falsification test for the identification assumption.

[3] One additional identification assumption that is implicit in model (1) is that the median wage is unaffected by the minimum wage itself.

Before operationalizing equation (1), we present a third set of figures. Figure 4 plots the second-to-fifth and the eight-to-fifth log decile gap (respectively $w_{mt}(20)$-$w_{mt}(50)$ and $w_{mt}(80)$-$w_{mt}(50)$) across municipalities on the vertical axis on the minimum wage relative to the median (MW_{mt}-$w_{mt}(50)$) on the horizontal axis in 1988, 1994 and 1999. All series are standardized to the median wage in that municipality. The solid line is a 45 degree line, i.e. the log Kaitz index. One can notice that at the beginning of the period the Kaitz index tracks remarkably well differences in the dispersion of wages at the bottom of the distribution across municipalities, consistent with model (1). Also consistent with this model one can also notice that the dispersion at the top of the distribution is essentially uncorrelated with the minimum wage. Despite there being an overall tendency for wage inequality to increase (that can be inferred from the eight-to-fifth decile gap being above zero), these observations lie essentially around a flat line. In later periods the Kaitz index declines sharply and the correlation between inequality and the Kaitz index essentially disappears even at the bottom.

In order to bring model (1) to the data we run the following regressions:

(2) $$[w_{mt}(q)-w_{mt}(50)]= d_{qt}+f_q[MW_{mt}- w_{mt}(50)]+u_{mqt}$$

separately by decile of the conditional (on municipality and time) wage distribution. In practice we let the dispersion of wages being a flexible function of the Kaitz index (f(.)) plus time dummies and an error term u. All regressions are weighted by the size of the cell and standard errors are clustered by municipality.

In table 1 we report regression results where we constraints the polynomial f( ) to be zero. In other terms we ignore the effect of the minimum wage and we measure the average trend in the gap between each decile and the median wage across all municipalities. Regression results are reported in Table 1. One can clearly see a fanning out of the wage distribution up to until at least 1994 when the rise in inequality slows down or even reverts is trend. All the year dummies are significantly different from zero. To get a visual impression

of these trends, we report the estimated gaps in figure 5, top panel. One can notice that this looks very similar to the graphs in Figure 2.

In Table 2 we present results where we constraint f( ) to be a linear function of the minimum wage. One can clearly see that the 10-50 percentile gap is positively correlated with the minimum wage. A 10% rise in the minimum wage is associated to a rise in the differential of about 4 log points. As one moves to higher levels of wages the coefficient becomes smaller and it eventually becomes insignificant for wages above the median. A second interesting element that emerges is that the year dummies become small and statistically insignificant for all the percentiles below the median. This implies that changes in the wage structure for workers below the median wage would have remained essentially unchanged if the minimum wage had not declined. The estimated year dummies remain mostly significant and similar to the ones in Table 1 when we look at the top part of the distribution.

To get a visual impression of the trends in this counterfactual distribution (i.e. the one that would have prevailed had the minimum wages remained unchanged relative to the median) in the bottom part of Figure 5 we report the estimated trends in latent inequality, i.e. the year dummies reported in Table 2. One can see that wage inequality would have remained essentially unchanged at the bottom of the distribution if the minimum wage had not declined. It follows that the fall in the real value of the minimum wage is entirely responsible for the observed increase (and later modest compression) in differentials from the bottom observed in the top panel of figure 5. The analysis though also shows that latent inequality was increasing at the same time at the top of the distribution. Other forces appear to explain such trend: possible explanations include changes in the demand and supply of skills induced by trade or Skill Biased Technological Change.

As robustness checks (not reported) we have additionally experimented with a quadratic function of the Kaitz index. We have also run regressions with municipality dummies. Different from model (2) that restricts the counterfactual level of inequality to be the same across municipalities, this specification restricts the latent growth in inequality to be the same across municipalities. We have also experimented with the differentials between the minimum wage and a "trimmed mean" (the mean wage after removing 30% on each tail of the municipality distribution) as our measure of the "bite" of the minimum wage. This is suggested by Lee (1999) on the grounds that by using the differentials with respect to the median of the distribution as both the dependent and the independent variable we may be inducing some spurious correlation. The results are essentially invariant to all the robustness checks performed.

4.CONCLUSIONS

In this paper we investigate the effect of minimum wages on the trends in inequality among formal workers in Mexico. We document a very large rise in inequality between 1988 and 1994 and a substantial stability afterwards. We also illustrate that the real value of the minimum wage declined dramatically over the first period to increase slightly afterwards. Using the methodology proposed by Lee (1999), we show that most of the increase in wage differentials at the bottom of the distribution that are observed between 1988 and 1994 can be ascribed to the decline in the real value of the minimum wage. We also show though that inequality was rising throughout this period at the top of the distribution for reasons other than the decline in the real minimum wage. Even if the minimum wag had remained unchanged, inequality would have risen. Overall, we estimate that around 40% of the observed rise in the 90-10th log decile gap (an average of 3.9 percentage points a year) can be ascribed to the decline in the real value of the minimum wage.

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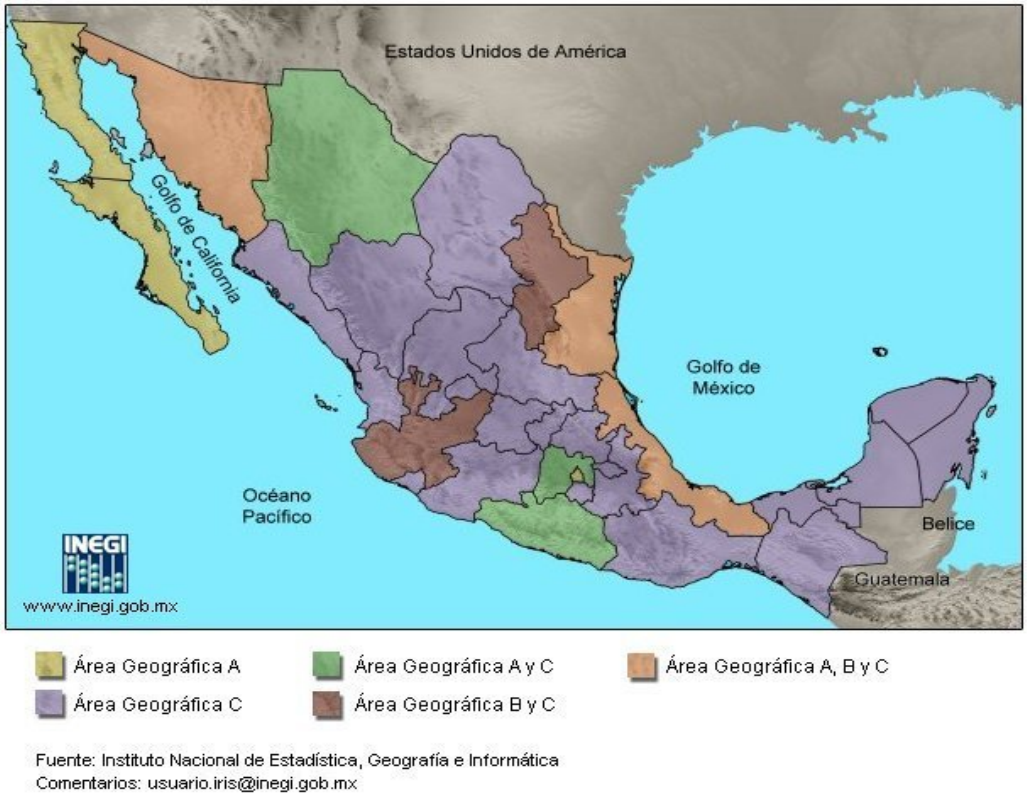
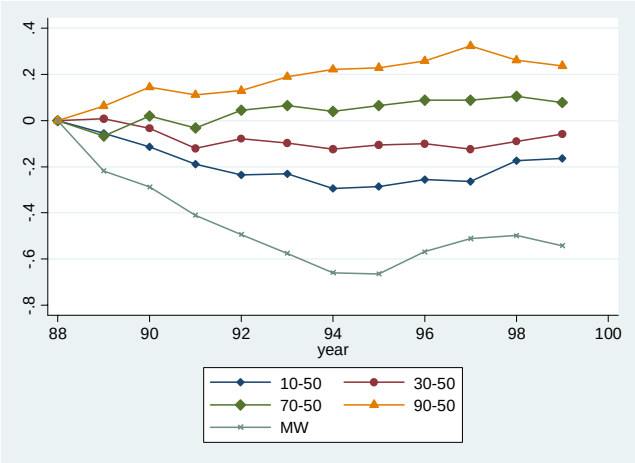
Figure 1
Minimum Wages in Mexico



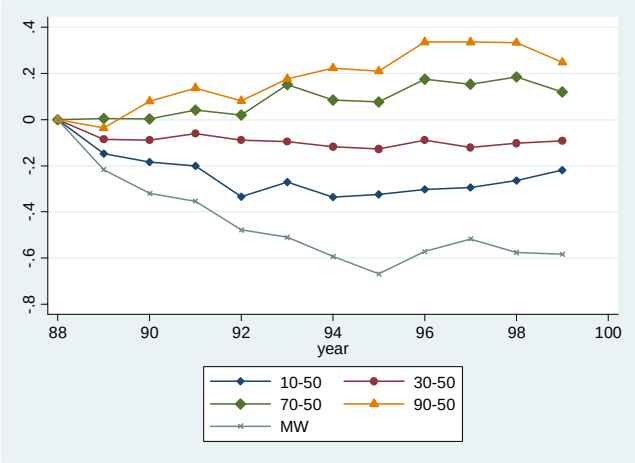
Notes: The figure reports the geographical distribution of the minimum wage by state in Mexico. Minimum wage is the highest in Area (*Área Geografica*) A and the lowest in Area C. Source: INEGI.

Figure 2
Changes in wage inequality and the Minimum wage by Area
Mexico 1987-1999

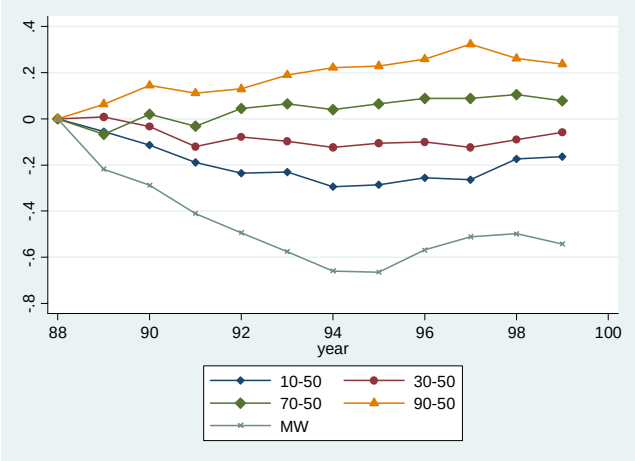
Area A



Area B

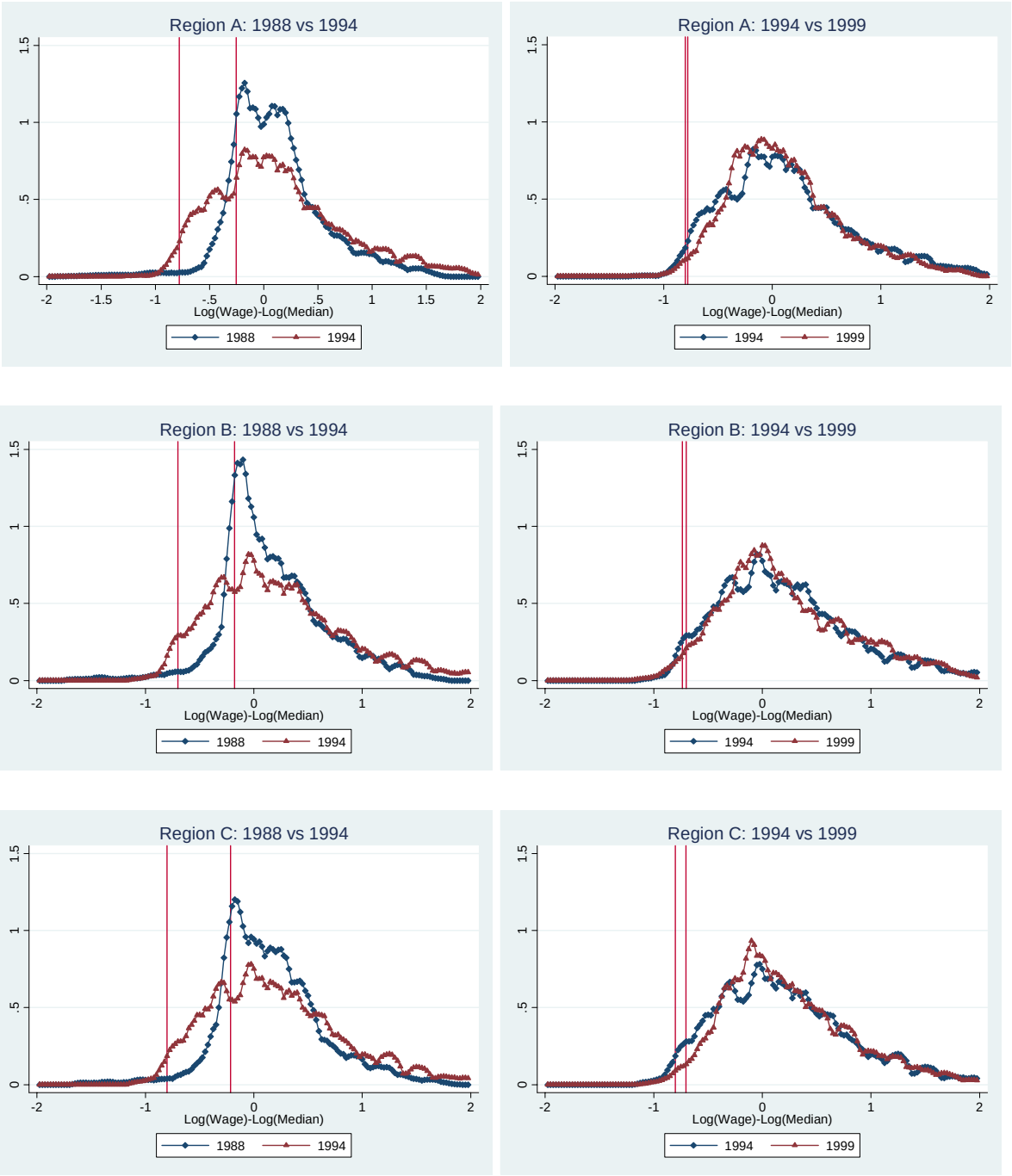


Area C



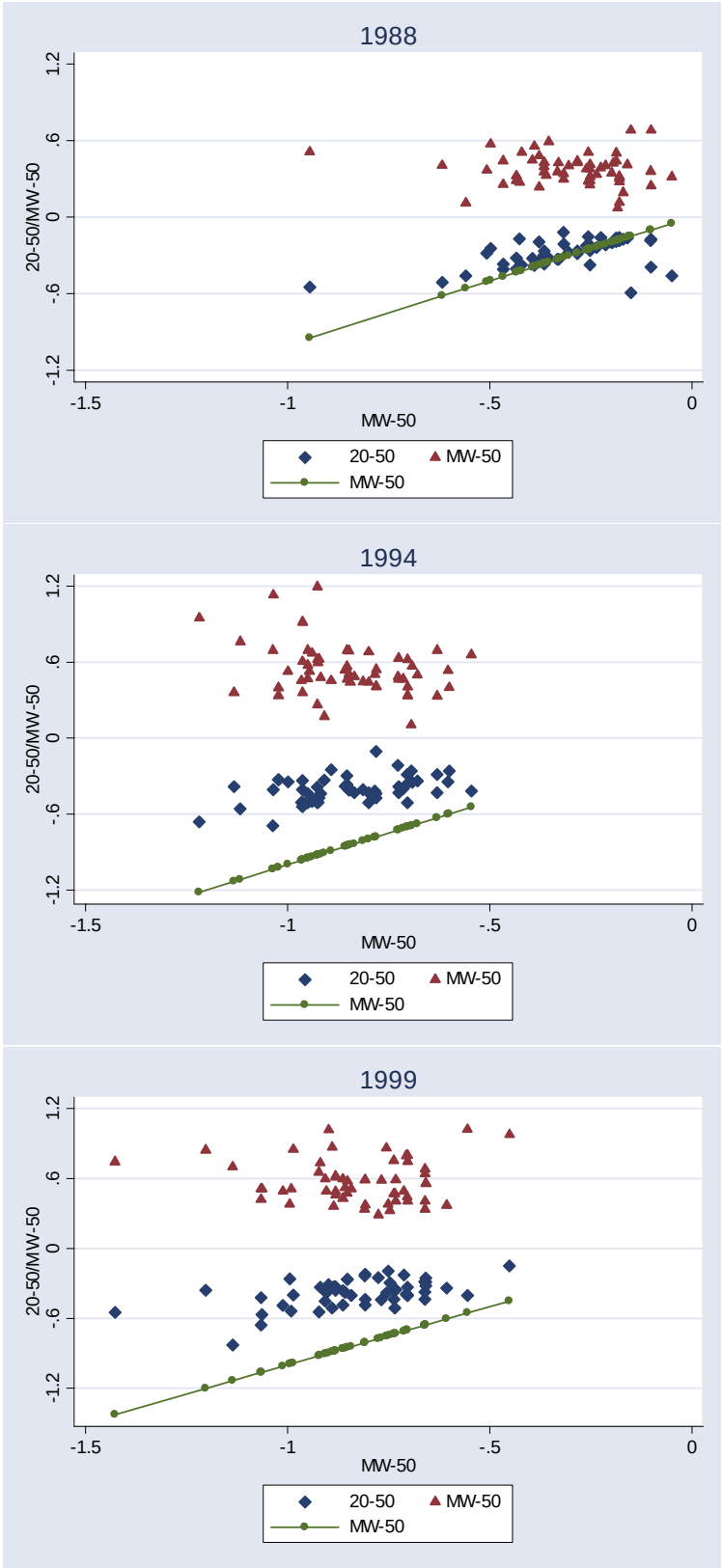
Notes. The figure reports the evolution of different percentiles of the log wage distribution relative to the median by geographical area. All series standardized to their value in 1988. An additional line reports the log Kaitz index (minimum wage-median). Source: ENEU.

Figure 3
Changes in the WAGE DISTRIBUTION
1998-1994 and 1994-1999 by Area
Kernel Density Estimates



Notes. The figure reports kernel density estimates of the log wage distribution at different points in time and by area. A vertical line refers to the minimum wage. All variable standardized to the median wage in the area and time. Source ENEU.

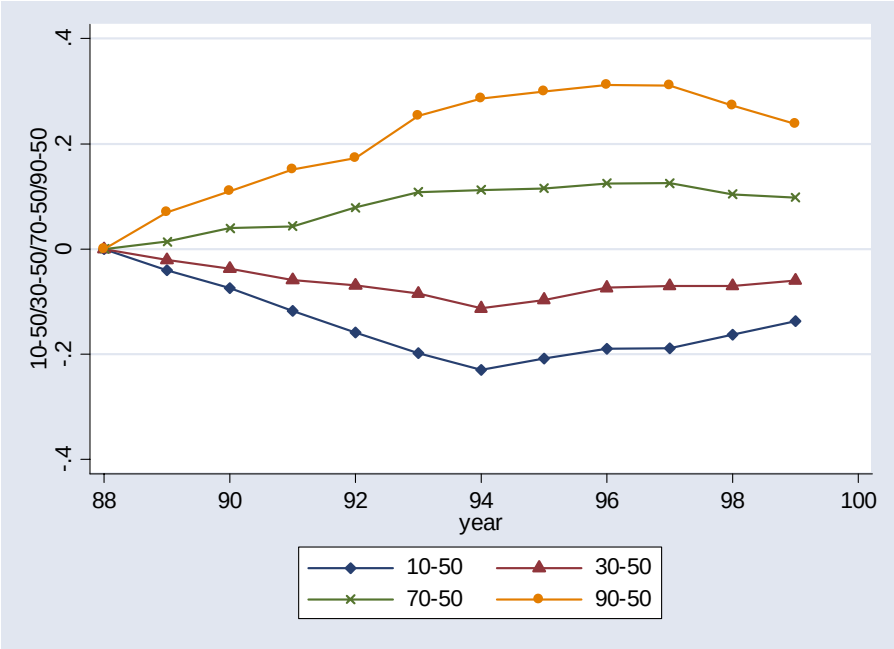
Figure 4
Wage inequality by municipality and the minimum wage
Mexico: 1988, 1994, 199



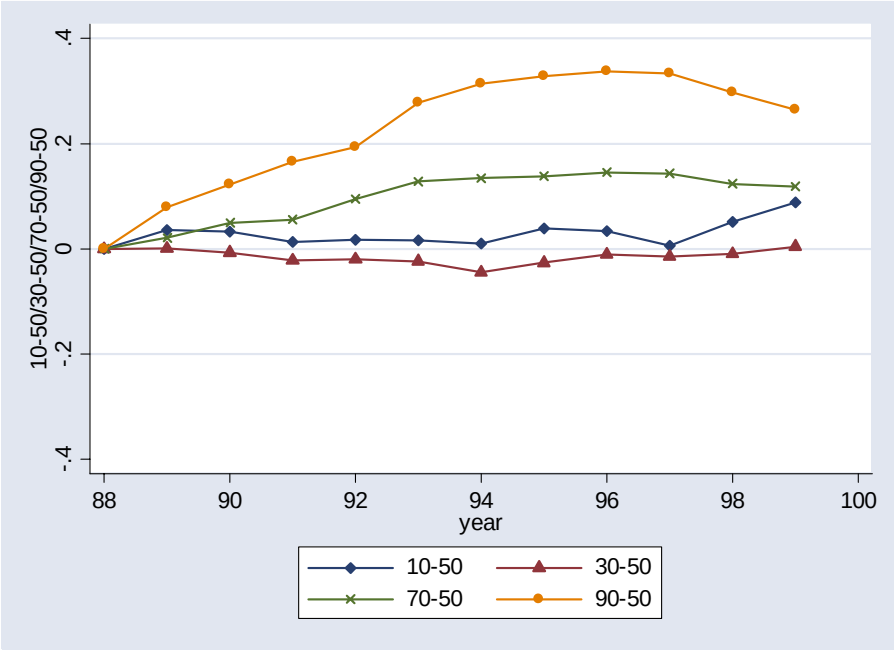
Notes. The figure reports the 2nd-5th and 8th-5th log decile gaps (on the vertical axis) over the difference between the minimum wage and the median (on the horizontal axis) by municipality and time. A 45 degrees line is superimposed to the data

Figure 5
Actual and Counterfactual Changes in Wage Inequality
Mexico: 1987-1999

Actual



Counterfactual



Notes. The figure reports the actual distribution of wages (top panel) and the counterfactual distribution if the minimum wage had remained unchanged. The series are obtained as coefficients on year dummies from regressions in tables 1 and 2 respectively.

Table 1
Trends in Inequality

	(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
	10-50	20-50	30-50	40-50	60-50	70-50	80-50	90-50
year effects								
89	-0.040**	-0.047***	-0.021***	-0.012	-0.002	0.014	0.040**	0.070***
	(0.018)	(0.016)	(0.007)	(0.007)	(0.008)	(0.012)	(0.015)	(0.016)
90	-0.074***	-0.075***	-0.037***	-0.017*	0.020**	0.040***	0.078***	0.110***
	(0.022)	(0.018)	(0.011)	(0.009)	(0.009)	(0.011)	(0.013)	(0.019)
91	-0.118***	-0.098***	-0.059***	-0.024**	0.020**	0.044***	0.083***	0.151***
	(0.018)	(0.014)	(0.010)	(0.009)	(0.009)	(0.010)	(0.015)	(0.023)
92	-0.159***	-0.119***	-0.070***	-0.022**	0.049***	0.079***	0.122***	0.173***
	(0.024)	(0.016)	(0.011)	(0.008)	(0.008)	(0.011)	(0.015)	(0.028)
93	-0.198***	-0.146***	-0.084***	-0.037***	0.063***	0.108***	0.168***	0.253***
	(0.018)	(0.016)	(0.008)	(0.007)	(0.011)	(0.014)	(0.019)	(0.024)
94	-0.230***	-0.169***	-0.113***	-0.045***	0.056***	0.113***	0.187***	0.286***
	(0.021)	(0.017)	(0.011)	(0.009)	(0.011)	(0.014)	(0.026)	(0.031)
95	-0.208***	-0.152***	-0.096***	-0.051***	0.053***	0.115***	0.201***	0.300***
	(0.025)	(0.020)	(0.011)	(0.010)	(0.013)	(0.016)	(0.025)	(0.029)
96	-0.190***	-0.138***	-0.074***	-0.036***	0.077***	0.124***	0.222***	0.312***
	(0.028)	(0.021)	(0.014)	(0.011)	(0.008)	(0.014)	(0.021)	(0.032)
97	-0.189***	-0.128***	-0.070***	-0.037***	0.057***	0.125***	0.217***	0.311***
	(0.024)	(0.022)	(0.014)	(0.010)	(0.010)	(0.017)	(0.023)	(0.036)
98	-0.163***	-0.125***	-0.070***	-0.040***	0.054***	0.104***	0.173***	0.273***
	(0.030)	(0.020)	(0.016)	(0.013)	(0.011)	(0.013)	(0.020)	(0.035)
99	-0.138***	-0.101***	-0.060***	-0.039***	0.046***	0.098***	0.170***	0.238***
	(0.025)	(0.016)	(0.011)	(0.011)	(0.011)	(0.014)	(0.021)	(0.032)
R2	0.37	0.26	0.20	0.14	0.20	0.22	0.26	0.24

Notes. The table reports the coefficients of a regression of the difference between each decile of the log wage distribution and the median on year dummies. Observations are municipality by year. Robust standard errors in parentheses. * significant at 10%; ** significant at 5%; *** significant at 1%. Observations: 684. Method of estimation GLS, with weights given by cell size.

Table 2
The Effect of Minimum Wages on the Wage Distribution

	(1)	(2)	(3)	(4)	(6)	(7)	(8)	(9)
	10-50	20-50	30-50	40-50	60-50	70-50	80-50	90-50
MW-50	0.419***	0.222**	0.119*	0.072**	0.045	0.038	0.068	0.049
	(0.142)	(0.107)	(0.068)	(0.032)	(0.036)	(0.068)	(0.100)	(0.137)
year effects								
89	0.036	-0.006	0.001	0.001	0.006	0.021	0.052**	0.079**
	(0.025)	(0.021)	(0.011)	(0.007)	(0.010)	(0.016)	(0.024)	(0.031)
90	0.033	-0.018	-0.007	0.002	0.032**	0.049**	0.095***	0.122***
	(0.033)	(0.028)	(0.019)	(0.010)	(0.013)	(0.019)	(0.028)	(0.036)
91	0.013	-0.028	-0.022	-0.001	0.034**	0.056**	0.104***	0.166***
	(0.038)	(0.032)	(0.024)	(0.013)	(0.015)	(0.024)	(0.035)	(0.048)
92	0.017	-0.026	-0.020	0.009	0.068***	0.095***	0.150***	0.193***
	(0.057)	(0.044)	(0.027)	(0.014)	(0.018)	(0.030)	(0.042)	(0.064)
93	0.017	-0.032	-0.023	0.000	0.086***	0.128***	0.203***	0.278***
	(0.064)	(0.049)	(0.031)	(0.016)	(0.020)	(0.033)	(0.049)	(0.068)
94	0.010	-0.041	-0.045	-0.004	0.082***	0.135***	0.225***	0.314***
	(0.069)	(0.053)	(0.039)	(0.018)	(0.021)	(0.037)	(0.054)	(0.077)
95	0.039	-0.021	-0.026	-0.009	0.080***	0.138***	0.241***	0.329***
	(0.071)	(0.058)	(0.037)	(0.018)	(0.021)	(0.037)	(0.054)	(0.079)
96	0.034	-0.019	-0.010	0.002	0.101***	0.145***	0.259***	0.338***
	(0.068)	(0.055)	(0.034)	(0.018)	(0.019)	(0.036)	(0.052)	(0.076)
97	0.007	-0.024	-0.015	-0.003	0.078***	0.143***	0.249***	0.334***
	(0.064)	(0.052)	(0.032)	(0.017)	(0.018)	(0.032)	(0.044)	(0.063)
98	0.051	-0.011	-0.009	-0.003	0.077***	0.124***	0.208***	0.297***
	(0.067)	(0.051)	(0.032)	(0.016)	(0.020)	(0.035)	(0.050)	(0.074)
99	0.088	0.019	0.004	-0.000	0.070***	0.119***	0.206***	0.264***
	(0.070)	(0.056)	(0.036)	(0.019)	(0.020)	(0.033)	(0.051)	(0.072)
R2	0.37	0.26	0.20	0.14	0.20	0.22	0.26	0.24

Notes. The table reports the coefficients of a regression of the difference between each decile of the log wage distribution and the median on the log difference between the minimum wage and the median plus year dummies. Each observation is municipality by year. Robust standard errors in parentheses. * Significant at 10%; ** significant at 5%; *** significant at 1%. Observations: 684. Method of estimation GLS, with weights given by cell size.