

Minimum Wages and Race Disparities

Abstract: We provide a comprehensive analysis of the effects of minimum wages on blacks, and on the relative impacts on blacks vs. whites. We study not only teenagers – the focus of much of the minimum wage-employment literature – but also other low-skill groups. We focus on employment, which has been the prime concern with the minimum wage research literature. We find evidence that job loss effects from higher minimum wages are more evident for blacks, and in contrast not very detectable for whites. Moreover, the effects of minimum wages are often large enough to generate adverse effects on earnings (and relative earnings) of blacks. Given strong residential segregation by race in the United States, the race difference in the effects of minimum wages implies that any adverse impacts fall on areas with a high black population share. We explore additional evidence on whether minimum wage effects are also more adverse in black areas, regardless of individual race. We find weak evidence of this heterogeneity, although it does accentuate the concentration of the adverse effects of minimum wages in areas where the black population is concentrated.