

ABSTRACT:

DID THE GERMAN MINIMUM WAGE REDUCE THE GENDER PAY GAP?

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In this paper we analyze the impact of the German minimum wage introduction on gender inequality in hourly wages. In January 2015, Germany introduced a statutory nationwide wage floor with only few exemptions. The reform denoted an important intervention for the German labor market, translating into a wage increase for about 10 percent of the eligible employees. Accordingly, recent literature has identified a positive impact of the wage floor on hourly wages at the bottom of the wage distribution. Since women are often found to be overrepresented among low-wage employees, a wage floor could benefit them particularly and could thus pose a suitable policy tool to fight gender inequality.

Our paper draws upon that notion and estimates the relationship between the German wage floor and the gender pay gap. Making use of detailed individual data from the Socio-economic Panel (SOEP) and the Structure of Earnings Survey (SES) we employ a regional difference-in-difference approach as well as wage decompositions.

(with Marco Caliendo)