

Does Minimum Wage Affect Workplace Safety?*

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Abstract

Empirical evidence on the employment effects of minimum wage legislation suggests the possibility that firms react to increases in low-skilled labor costs driven by minimum wages by reducing investments in non-wage job aspects, which can mitigate the need for layoffs. Such adjustments may involve the worsening of workplace safety. To evaluate the hypothesis that increases in minimum wages result in a higher incidence of occupational injuries and illnesses, I use employer-level data from the United States and variation in state minimum wages during 1996-2013. The results suggest that states which increase their minimum wage experience an increase in the incidence of occupational injuries and illnesses. The effect appears stronger in industries that employ large numbers of low-wage workers, and those where the workforce is intensively exposed to health risks.

JEL Classification: I10, J32, J81

Keywords: minimum wage, job safety, occupational injuries and illnesses

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