

# Higher Minimum Wage, Stagnant Income? The Case of Women's Work Hours in Japan\*

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## Abstract

The margin of adjustment in work hours has received relatively less attention in the minimum wage literature, despite its potentially significant implications for distributional consequence. By applying the frequency distribution approach to a quasi-exogenous policy event in Japan, we find that a minimum wage increase reduced long-hour jobs while increasing short-hour jobs disproportionately among women. While the minimum wage had a positive compression effect on the wage distribution for women, its impact on their income inequality was much smaller. This reduced effect was driven by substantial reductions in work hours among women with annual incomes near institutional thresholds set by tax and social benefit provisions. The minimum wage, together with these income-based cutoffs, led women in Japan to work shorter hours.

*Keywords:* minimum wage, work hours, inequality, benefit cliffs, spousal tax deduction.

*JEL Classification:* J20; J31; J38; K31.

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