

Behavioral and Experimental Perspectives on the Minimum Wage Debate

Valerio Fedele Addis^{1*}

Abstract

The minimum wage debate has evolved beyond the traditional focus on employment trade-offs. While neoclassical models predict job losses from wage floors, recent evidence often finds modest or zero employment effects, opening space for new explanations. Behavioral economics and laboratory experiments reveal that fairness perceptions, reciprocity, loss aversion, and social norms significantly shape labor market behavior. This review synthesizes two decades of research: lab experiments show that introducing a minimum wage can durably raise workers' reservation wages (a "ratchet effect") and generate positive spillovers to higher wages. Workers respond not only to pay levels but to how wages are set – voluntary fairness versus legal mandate – affecting effort and productivity. These behavioral understandings help reconcile laboratory and field findings and inform more effective minimum wage policies that account for human psychology and social context.

JEL Classification: J38; C91; D91

Keywords

minimum wage — behavioral economics — labor market — fairness — experiments

¹ *Department of Economics and Law, Sapienza University of Rome, Italy*

*Corresponding author: addis.valerio@gmail.com

Introduction

The minimum wage is among the most studied and contentious labor policies. Traditional economic theory treats it as an exogenous pay floor that creates a surplus of labor, potentially reducing employment.¹ Early empirical studies supported the idea of the minimum wage having negative or null effects on employment (Gramlich, 1976; Ragan 1977; Mattila, 1978; Brown et al., 1982).² A new line of empirical studies - remembered as the New Minimum Wage Research (NMWR) - emerged in the early 1990s, shocking the field by finding little to no job loss after minimum wage hikes, challenging the simple competitive model (among the pioneering studies we mention Katz and Krueger, 1992; Card, 1992a, 1992b). Over the past decade, a consensus has grown that negative employment effects are often smaller than expected, or even negligible in many contexts.³ This has broadened the

debate to new explanations. One is monopsony power – if employers have wage-setting power, a higher minimum wage can raise pay with minimal job loss (MacLeod and Malcomson, 1993; Card and Krueger, 1995; Boal and Ransom, 1997; Dickens et al., 1999; Manning, 2006). Another is the recognition of behavioral factors: workers and firms are not perfectly rational, isolated agents, but are influenced by fairness concerns, social norms, and intrinsic motivation.

Against this backdrop, behavioral economics and experimental studies have provided fresh perspectives on how minimum wage laws actually operate. Concepts like a "living wage" reflect normative judgments about fairness beyond market-clearing levels (Brožová, 2018). Behavioral labor economics posits that wage policies can affect morale, effort, and even job search in ways standard theory might miss (Villeval, 2016). For instance, Akerlof's gift-exchange model suggests that paying workers above-market wages elicits greater effort through reciprocity (Akerlof 1982; 1984). Indeed, laboratory experiments (Fehr et al., 2011) demonstrated that workers often repay generous pay with higher effort, even when not contractually enforceable. Such findings imply that a minimum wage, though externally imposed, can interact with perceptions of fairness and reciprocity in complex ways.

Behavioral Foundations: Fairness, Reciprocity, and Social Norms in Wage Setting

People care deeply about fair pay. A substantial corpus of research shows that workers evaluate their wages relative

¹ Among the milestones in the stream of the traditional view about wage determination we cite the works by Hicks, 1932; Stigler, 1946; Baumol and Blinder, 1979; Heilbroner and Thurow, 1987; Welch, 1974.

² Subsequent to the aforementioned contribution by Brown et al. (1982), comprehensive reviews of the first wave of empirical research on the minimum wage are contained in the studies by Kennan (1995), Card and Krueger (1995), Dolado et al. (1996), Brown (1999).

³ A series of replications and extensions of the NMWR empirical surveys soon emerged subsequent to Neumark and Wascher (1992), leading to an iterative process that underscored the complexity of minimum wage research (see among others Spriggs and Klein, 1994; Card and Krueger, 1994; 1995; 2000; Neumark and Wascher, 1992; 1994; 1998; 2000; Freeman, 1995; Welch, 1995; Hamermesh, 1995; Abowd, 1999; Zavodny, 2000; Portugal e Cardoso, 2001).

to norms and peers, and they adjust their behavior accordingly. The idea that workers react to the perceived fairness of compensation has roots in sociology and was brought into economics by Akerlof's (1982; 1984) gift-exchange model. In this model, a wage above the market rate is viewed by the worker as a "gift" from the employer, motivating the worker to reciprocate with higher effort. Numerous experiments support this idea. Fehr et al. (1993) found that workers paid generously exert more effort, even without enforceable contracts. Charness and Kuhn (2010) confirm that such pro-social responses to fair wages are consistent across studies. Behavioral studies suggest perceptions of why one is paid - voluntary reward versus imposed compliance - affect effort: a raise granted by a generous employer elicits stronger positive reciprocity than one mandated by law. In that regard, Owens and Kagel (2010) found that imposing a minimum wage raised pay but not effort exerted by workers earning just the minimum, while those paid more exerted more effort as they perceived part of the raise as a gift.

Workers compare pay to fairness benchmarks (co-workers' earnings, norms, expectations) and react more to perceived injustice than to equivalent gains. This aligns with loss aversion: losses in expected income or status hurt more than similar gains satisfy (Kahneman et al., 1986). Wage cuts or being paid less than peers can demotivate sharply. Field evidence confirms this—managers avoid wage cuts even in downturns to protect morale (Bewley, 1999), and workers discovering lower relative pay reduced their productivity (Card et al., 2012).

Beyond individual reciprocity, societal norms of wage fairness influence worker motivation (e.g. Blount, 1995; Falk et al., 2003). If the minimum wage is seen as unjustly low, it may weaken morale or effort. In contrast, a broadly accepted wage floor can enhance legitimacy and cohesion. Behavioral labor economics shows that policies shape fairness perceptions: a legal minimum wage often becomes a societal reference point, marking the lowest acceptable pay. This framing can affect behavior. A wage below the legal minimum may be viewed as exploitative, even when legally permitted. As norms evolve, employers might avoid offering such wages to prevent worker dissatisfaction. Thus, minimum wage laws anchor beliefs about fair pay. Employers often internalize these standards, with many voluntarily exceeding the legal minimum to sustain morale and goodwill (Falk et al., 2005).

Another key concept is that of incomplete contracts: not all job tasks can be fully specified or monitored, so trust and reciprocity fill the gaps (Fehr et al., 2009). Wage policies allowing very low pay can undermine this implicit contract by eroding worker dignity. In contrast, a reasonable pay floor may reinforce the "psychological contract", especially when perceived as a reflection of fairness rather than mere legal compliance. Workers' reactions are often shaped by reference dependence relative to past income or peer benchmarks. A raise soon becomes the new baseline, pulling up expectations – the so called "entitlement effect" (Schlicht, 1998; Zajac, 1995). Thus, how wage increases are framed and introduced matters.

Laboratory Evidence on Minimum Wage Effects

Experimental economics offers a powerful tool to isolate the behavioral effects of minimum wage laws. In a controlled environment, researchers can introduce a wage floor and observe how participants – in the roles of workers and employers – adjust their wage offers, effort, and expectations. Such laboratory experiments abstract from real-world complexities to pinpoint mechanisms, overcoming many confounders present in observational data. This section reviews major experimental findings, which often anticipate, or mirror patterns observed in the field.

A seminal experiment by Falk et al. (2006) examined how a temporary minimum wage influences workers' reservation wages. In their design, a labor market begins without a minimum wage, introduces a binding minimum, and later removes it. Standard theory predicts a symmetric response; instead, the experiment found a hysteresis effect. The minimum wage led workers to permanently raise their wage expectations. Even after repeal, affected workers continued demanding higher wages and firms had to offer higher pay post-removal to attract workers. Employment fell less than it had risen upon the policy's introduction, due to persistently elevated wages. This "ratchet effect" shows that once a raise is received, workers come to view it as an entitlement, resisting subsequent pay cuts. The findings help explain observed wage rigidities, such as why sub-minimum trainee wages are rarely applied and nominal wages resist downward adjustment.

Experiments show that minimum wages can affect even those earning above the threshold, as wage spillovers are frequently observed. One explanation is that firms uphold internal wage hierarchies for fairness, adjusting pay upward when the lowest wages rise. Dittrich et al. (2014) tested this in a wage bargaining lab experiment. Even a non-binding minimum wage led to higher agreed wages, as its presence shifted expectations. When the minimum was binding, negotiated wages rose further above it. The legal floor acted as a reference point, anchoring negotiations. Demirtaş (2022) found similar effects in lab economies with different worker types. These patterns mirror real-world data. For instance, Cengiz et al. (2019) document that wage gains following minimum wage hikes extend roughly \$2–\$3 above the new floor, and the spillover share of total wage increases (direct + indirect minimum wage effect) is around 40%. In sum, fairness concerns and reference dependence help explain why minimum wage increases often lift wages beyond just the lowest earners.

Lab experiments provide further nuance on how minimum wages influence work performance. Owens and Kagel (2010) experiment in an incomplete labor market, where effort cannot be fully enforced, shows that instituting a minimum wage leads to a moderate increase in average worker effort, contributing to a Pareto improvement. While some workers near the minimum reduced effort (since part of their wage felt "mandatory" rather than a generous gift), there was no such drop among those paid above the minimum, and the over-

all rise in pay slightly boosted average effort. This suggests fears of shirking may be overstated, with net effects possibly positive if higher pay improves morale for many. Framing also matters: when a minimum wage was introduced after an unregulated period, effort rose; but when the wage floor existed from the outset, effort was significantly lower. Prior experience with employer generosity alters how legal pay is perceived.

A fascinating experiment by Wang (2012) called “When Workers Do Not Know” investigated how awareness of the minimum wage law affects outcomes. In many developing markets, workers may be uninformed about their legal rights. Wang’s lab setup introduced a minimum wage under two conditions: in one, both firms and workers knew about the policy; in another, only the firms did. The difference in results was stark. With common knowledge, most employer subjects continued to pay above the minimum – similarly to other gift-exchange experiments. But when workers were unaware of the minimum wage, many firms immediately dropped their wage offers to the legal minimum – even firms that had willingly paid more before. Average wages actually fell in that scenario, as higher-paying firms lowered offers toward the minimum, and uninformed workers often accepted. This led to an ironic outcome: introducing a minimum wage without informing workers failed to raise average wages and even caused a negative spillover on slightly higher wages, pulling them toward the floor. Employment also dropped under asymmetric information, because more workers refused jobs they perceived as unfairly low or firms posted fewer vacancies at the minimum pay.

An experiment by Köhler et al. (2015) explored the role of worker participation in minimum wage setting. They compared scenarios where workers had a say in implementing a wage floor versus a top-down imposition, finding significantly higher post-introduction effort and output in the first scenario than in the second, indicating a positive motivational effect from having a voice. By contrast, when the minimum wage was unilaterally imposed, employers often had to pay an extra premium above the legal minimum to sustain worker performance. In other words, collaboration in policy design can foster reciprocity. This insight again highlights that institutional framing – whether a policy feels enforced or embraced – can modulate its outcomes.

Comparison with Field and Quasi-Experimental Findings

Bridging lab and field is useful, as behavioral insights from the former do often provide valid micro-foundations for empirical patterns observed in the latter. In some cases, they highlight differences – e.g., where lab results might overstate a response, or conversely reveal a mechanism that field studies need to account for.

One of the most direct validations of lab predictions comes from the rare situations where a minimum wage was not only introduced but also later removed. Such a case was exploited

by Huet-Vaughn and Piqueras (2023) through a natural experiment in a local U.S. labor market: a county sharply raised its minimum wage and was, after some time, forced to reverse back to the lower state minimum. The authors found an asymmetric effect: when the minimum wage rose, low-wage workers’ pay increased as expected, but when the minimum wage was later cut, wages did not fall back to their original levels, with a substantial effect lasting in the long run. The result is consistent with the aforementioned downward rigidity of wages, that, by the way, persisted even through subsequent periods of high inflation. The authors explicitly connect their findings to the fairness hypothesis of Falk et al. (2006); their work can be seen as the first empirical confirmation of those lab predictions in a field setting.

Studies on reservation wages in the field also show evidence supporting the anchoring effect of minimum wages, as seen in Fedorets and Shupe (2021), that conducted a diff-in-diff analysis on panel data about Germany’s 2015 minimum wage reform. The authors show an adjustment of workers’ reservation wages of about 4%, indicating a recalibration of fairness benchmarks – corroborating lab evidence, though heterogeneity among group of workers emerges as to the internalization of policy signals. Persistence of the effect over the short run is questioned by subsequent findings, which underscore the need for longitudinal analysis.

Empirical research has documented that minimum wage increases often lead to raises for workers earning above the new minimum, up to some threshold, confirming lab predictions (Autor et al., 2016; Cengiz et al., 2019). Experimental evidence (Dittrich et al., 2014; Demirtaş, 2022) suggests horizontal fairness concerns, lead, as a mechanism, employers to adjust broader pay scales to preserve worker morale and wage hierarchy, although field responses exhibit substantial heterogeneity of firms – thus limiting the policy’s capacity to address wage inequality.

Effort responses in the field are mixed but evidence is illuminating. Giuliano (2013) finds improved performance and reduced turnover post-reform. Cohn et al. (2015) confirm initial productivity boosts, but effects decay. This suggests reciprocity has a transient nature being time sensitive, and aligns with the idea of diminishing reciprocity, with expectations adjusting upwards to the new normal and effort returning to the baseline. The dynamics of adaptation is an active research area, with many questions remaining open. A study by Bossler and Broszeit (2017) on the German minimum wage introduction questions the net effect of a raise in the mandated wages on the effort of workers on the margin, finding no adverse effects on a broad set of workplace performance metrics; if anything, establishments reported improved morale. This is suggestive that in practice, reciprocity effects counterbalanced any incentive-to-shirk effects. Researchers are looking at whether improved productivity comes through higher worker effort or through selection (Horton, 2025)

Melo et al. (2025) find no increase (or slight decrease) in job search activity of U.S. low-skilled workers after wage

hikes, contrary to standard models predictions, underscoring that human behavior does not always follow simple incentives. Possible behavioral explanations proposed include satisfaction effects (as opposed to optimizing prediction), due to a potential delay in entering the workforce by a second earner when the family's primary earner gets a raise; or discouragement effects, due to misperception of job scarcity, which leads to anticipating layoffs and thus temporarily reducing effort in searching. This aligns with evidence that minimum wage hikes rarely attract many new workers – another reason employment effects are often small.

Discrimination also shifts, as demonstrated by the intriguing (though context-specific) empirical finding of Brandon et al. (2023) that racial gaps in job callbacks narrow after minimum wage hikes. Employers become more merit-focused and choiceful when hiring becomes costlier. This result indicates that a higher wage floor can indirectly promote equity in hiring by altering employer behavior. It complements the monopsony-based argument (that higher wages prompt firms to recruit from previously excluded groups) but adds a behavioral twist: it shows that discrimination may be a margin of adjustment.

Finally, wage theft is a concern. A less rosy behavioral response is that some employers will simply ignore or evade minimum wage laws, paying below the legal minimum. Clemens and Strain (2023) studied U.S. data on wage underpayment and found that a portion of roughly 10–20% of intended gains are lost to noncompliance. Although the effect was fairly uniform across demographic groups, some subpopulations – such as young Black workers – experienced markedly higher levels of underpayment in certain regions. The authors conclude that wage theft is a systemic rather than group-specific issue, highlighting the importance of broad-based enforcement strategies.

In summary, field evidence largely supports the notion that behavioral factors significantly shape minimum wage outcomes. Behavioral interpretations tend to complement empirical findings by explaining why, for example, job losses are muted, or why wages cluster at round figures. In some cases, they also highlight divergences, often come down to the field's greater complexity: e.g., the lab might show a large immediate effort boost that in practice fades, or lab bargaining might assume rational adherence to a new anchor whereas some real employers might initially resist raises. Nonetheless, the cross-pollination of experimental and empirical approaches greatly fosters our understanding, by adding layers of explanation and predicting new outcomes, such as the persistence of wage gains or the crucial importance of compliance.

Policy Implications and conclusive remarks

Throughout this study it has been shown how integrating behavioral insights into minimum wage policy design can enhance its efficacy and mitigate unintended consequences. The evidence discussed encourages going beyond the traditional

debate on the wage/cost effects of minimum wage, incorporating how human perceptions and reactions mediate those outcomes, as wage policy design matters as much as wage levels. Several considerations emerge for policymakers.

First, an effective minimum wage policy must account for prevailing fairness norms in society. If the legal minimum is set too low relative to the cost of living or societal expectations, it may be seen as unjust and fail to improve morale or productivity – workers might still feel underpaid. Conversely, a minimum wage perceived as “just right” or generous can strengthen social cohesion and voluntary compliance with the law. Policymakers should monitor not only traditional metrics (employment, hours) but also subjective indicators like job satisfaction, worker engagement, and turnover rates. These can signal whether the policy is being received as a moral success or breeding resentment. Continuous dialogue with workers' and employers' groups can gauge fairness perceptions.

Second, introducing and removing a wage floor are not symmetric actions from a behavioral standpoint. The ratchet effect means it is hard to go back without hurting morale. This calls for minimum wage policies to be stable over time. Governments should avoid introducing a minimum wage only to repeal it later, as this can create a sense of a “revoked right”, and damage trust in institutions.⁴

Third, minimum wages tend to compress wage distributions from the bottom up. This can be an intended goal – reducing wage inequality – but it has implications for how firms manage pay structures. Maintaining fair differentials within the firm is crucial. Firms should be encouraged (perhaps through best-practice guidelines) to transparently adjust their internal pay scales so that higher tiers also feel fair. The policy implication is that supporting firms in managing these adjustments – through sharing data or frameworks for equitable raises – could enhance the positive impact on worker morale. Additionally, cost absorption strategies might need attention: firms often face pressure to raise prices, but if all employers must pay more, there's a level playing field. Even though studies find modest sector-specific minimum wage-induced price increases, but not economy-wide inflation spirals, clear communication that competitors face the same wage mandates can alleviate individual firms' anxieties about losing competitiveness.

Fourth, how the minimum wage policy is communicated influences its reception. Authorities should frame it not merely as a legal mandate, but as an investment in workers and a recognition of their contribution. The role of unions and employers associations is crucial to this aim. Using moral suasion and normative appeals to encourage employers to comply may be effective behavioral public policy tools. On the worker side, communication is equally critical: ensure workers know their rights and know how to assert them safely.

⁴As an example, the recent EU directive on adequate minimum wages (EU 2022/2041) encourages members to have regular, predictable updates to the minimum wage, partly to ensure credibility and avoid shocks. This aligns with behavioral guidance.

This could involve simple, behaviorally informed measures. The goal is to shift the norm so that sub-minimum pay is universally viewed as unacceptable.

Fifth, as noted with wage theft, raising the wage floor without adequate enforcement can leave many workers behind. Policymakers should anticipate that some fraction of firms might try to evade the law or move to the informal sector. Strengthening enforcement isn't just about hiring more inspectors; it can also harness behavioral insights. For instance, increasing the salience of penalties can deter non-compliance. Publicizing crackdowns on violators can serve as a warning, though it must be balanced against not discouraging business generally. Another approach is empowering workers: anonymous reporting channels, whistleblower protections, or even community monitoring. A broad-based improvement in enforcement is needed, not just targeting certain groups.

In conclusion, behavioral insights improve our understanding of the minimum wage's effects, by highlighting that "how" and "why" wages change can be as important as how "much". They advise that minimum wage policy should be treated not just as a price control and, in general, as an economic lever, but as a wider social intervention that interacts with human psychology and values and reshapes expectations. By attending to perceptions of fairness, commitment to policy stability, communication, and enforcement, policymakers can design minimum wage increases in order to maximize compliance and positive impacts, while minimizing discontent: careful design, implementation, and complementary policies can harness behavioral responses to make the minimum wage a more effective tool for improving worker well-being, without unduly harming businesses. Future research and policy experiments – combining lab and field, economics and psychology – will further illuminate how to strike that balance, ensuring that wage policies both make economic sense and resonate with human values.

References

- Abowd, J., F. Kramarz, and D. Margolis (1999). Minimum wages and employment in france and the united states. *NBER Working Paper No. 6996*.
- Akerlof, G. (1982). Labor contracts as partial gift exchange. *Quarterly Journal of Economics*, 97(4), 543–569.
- Akerlof, G. (1984). Gift exchange and efficiency-wage theory: Four views. *American Economic Review* 74(2), 79–83.
- Autor, D., A. Manning, and C. Smith (2016). The contribution of the minimum wage to u.s. wage inequality over three decades: A reassessment. *American Economic Journal: Applied Economics* 8(1), 58–99.
- Baumol, W. and A. Blinder (1979). *Economics: Principles and Policy*. Harcourt Brace Jovanovich.
- Bewley, T. (1999). *Why Wages Don't Fall during a Recession*. Harvard University Press.
- Blount, S. (1995). When social outcomes aren't fair: The effect of causal attributions on preferences. *Organizational Behavior and Human Decision Processes* 63(2), 131–144.
- Boal, W. and M. Ransom (1997). Monopsony in the labor market. *Journal of Economic Literature*, 35(1), 86–112.
- Bossler, M. and S. Broszeit (2017). Do minimum wages increase job satisfaction? micro-data evidence from the new german minimum wage. *LABOUR* 31(4), 480–493.
- Brandon, A., J. Holz, A. Simon, and H. Uchida (2023). Minimum wages and racial discrimination in hiring: Evidence from a field experiment. *Upjohn Institute Working Paper*, 23–389.
- Brown, C. (1999). Minimum wages, employment, and the distribution of income. In O. Ashenfelter and D. Card (Eds.), *Handbook of Labor Economics*. Elsevier.
- Brown, C., C. Gilroy, and A. Kohen (1982). The effect of the minimum wage on employment and unemployment: A survey. *Journal of Economic Literature* 20(2), 487–528.
- Brožová, D. (2018). The minimum wage in the neoclassical and the behavioural labour market theory. *Acta Oeconomica Pragensia* 26(4), 30–41.
- Card, D. (1992a). Do minimum wages reduce employment? a case study of california, 1987–89. *Industrial and Labor Relations Review* 46(1), 38–54.
- Card, D. (1992b). Using regional variation in wages to measure the effects of the federal minimum wage. *Industrial and Labor Relations Review* 46(1), 22–37.
- Card, D. and A. Krueger (1994). Minimum wages and employment: A case study of the fast food industry in new jersey and pennsylvania. *American Economic Review* 84(5), 772–793.
- Card, D. and A. Krueger (1995). *Myth and Measurement, The New Economics of the Minimum Wage*. Princeton University Press.
- Card, D. and A. Krueger (2000). Minimum wages and employment: A case study of the fast food industry in new jersey and pennsylvania: Reply. *American Economic Review* 90(5), 1397–1420.
- Card, D., A. Mas, E. Moretti, and E. Saez (2012). Inequality at work: The effect of peer salaries on job satisfaction. *American Economic Review* 102(6), 2981–3003.
- Cengiz, D., A. Dube, A. Lindner, and B. Zipperer (2019). The effect of minimum wages on low-wage jobs: Evidence from the united states using a bunching estimator. *Quarterly Journal of Economics* 134(3), 1405–1454.
- Charness, G. and P. Kuhn (2010). Lab labor: What can labor economists learn from the lab? *IZA DP*, 4941.

- Clemens, J. and M. Strain (2023). Does wage theft vary by demographic group? evidence from minimum wage increases. *NBER Working Paper*, 31818.
- Cohn, A., E. Fehr, and L. Goette (2015). Fair wages and effort provision: Combining evidence from a choice experiment and a field experiment. *Management Science* 61(8), 1777–1794.
- Deere, D., K. M. Murphy, and F. Welch (1995). Sense and nonsense on the minimum wage. *Regulation* 18(1), 47–56.
- Demirtaş, B. (2022). Spillover effects of the minimum wage introduction based on horizontal fairness: A lab experiment. *Managerial and Decision Economics* 43(8), 3370–3385.
- Dickens, R., S. Machin, and A. Manning (1999). The effects of minimum wages on employment: Theory and evidence from the us. *Journal of Labor Economics* 17(1), 1–22.
- Dittrich, M., A. Knabe, and K. Leipold (2014). Gender differences in experimental wage negotiations. *Economic Inquiry* 52(2), 862–873.
- Dolado, J., F. Kramarz, S. Machin, A. Manning, D. Margolis, and C. Teuling (1996). The economic impact of minimum wages in europe. *economic policy*. 23, 317–372.
- Falk, A., E. Fehr, and U. Fischbacher (2003). On the nature of fair behavior. *Economic Inquiry* 41(1), 20–26.
- Falk, A., E. Fehr, and C. Zehnder (2005). The behavioral effects of minimum wages. *CEPR Discussion Paper* 5115.
- Falk, A., E. Fehr, and C. Zehnder (2006). Fairness perceptions and reservation wages? the behavioral effects of minimum wage laws. *Quarterly Journal of Economics* 121(4), 1347–1381.
- Fedorets, A. and C. Shupe (2021). Great expectations: Reservation wages and minimum wage reform. *Journal of Economic Behavior & Organization* 183, 397–419.
- Fehr, E., O. Hart, and C. Zehnder (2011). Contracts as reference points - experimental evidence. *American Economic Review* 101(2), 493–525.
- Fehr, E., G. Kirchsteiger, and A. Riedl (1993). Does fairness prevent market clearing? an experimental investigation. *The Quarterly Journal of Economics* 108(2), 437–459.
- Freeman, R. (1995). Are your wages set in Beijing? *Journal of Economic Perspectives* 9(3), 15–32.
- Giuliano, L. (2013). Minimum wage effects on employment, substitution, and the teenage labor supply: Evidence from personnel data. *Journal of Labor Economics* 31(1), 155–194.
- Gramlich, E., R. Flanagan, and M. Wachter (1976). Impact of minimum wages on other wages, employment, and family incomes. *Brookings Papers on Economic Activity* 2, 409–451.
- Hamermesh, D. (1982). Minimum wages and the demand for labor. *Economic Inquiry* 20(3), 365–380.
- Heilbroner, R. and L. Thurow (1987). *Economics Explained: Everything You Need to Know About How the Economy Works and Where It's Going*. Simon & Schuster.
- Hicks, J. (1932). *The Theory of Wages*. Palgrave Macmillan.
- Horton, J. (2025). Price floors and employer preferences: Evidence from a minimum wage experiment. *American Economic Review* 115(1), 117–146.
- Huet-Vaughn, E. and J. Piqueras (2023). The asymmetric effect of wage floors: A natural experiment with a rising and falling minimum wage. *IZA Discussion Papers* 16684.
- Kahneman, D., J. Knetsch, and R. Thaler (1986). Fairness as a constraint on profit seeking: Entitlements in the market. *The American Economic Review* 76(4), 728–741.
- Katz, L. and A. Krueger (1992). The effect of the minimum wage on the fast food industry. *Industrial and Labor Relations Review* 46(1), 6–21.
- Kennan, J. (1995). The elusive effects of minimum wages. *Journal of Economic Literature* 33(4), 1950–1965.
- Köhler, K., B. Pagel, and H. Rau (2015). How worker participation affects reciprocity under minimum remuneration policies: Experimental evidence. *University of Göttingen Working Papers in Economics* 267.
- Macleod, W. and J. Malcomson (1993). Specific investment and wage profiles in labour markets. *European Economic Review* 37(2-3), 343–354.
- Manning, A. (2006). A generalised model of monopsony. *The Economic Journal* 116(508), 84–100.
- Mattila, P. (1978). Youth labor markets, enrollments, and minimum wages. *Proceedings of the Industrial Relations Research Association* 31, 134–140.
- Melo, V., C. Kaiser, D. Neumark, L. Palagashvili, and M. Farren (2025). Minimum wage laws and job search. *NBER Working Paper* 33433.
- Neumark Wascher, W. (1992). Employment effects of minimum and subminimum wages: Panel data on state minimum wage laws. *Industrial and Labor Relations Review* 46(1), 55–81.
- Neumark Wascher, W. (1994). Employment effects of minimum and subminimum wages: Reply to card, katz, and krueger. *Industrial and Labor Relations Review* 47(3), 497–512.

- Neumark Wascher, W. (1998). Is the time-series evidence on minimum wage effects contaminated by publication bias? *Economic Inquiry* 36(3), 458–470.
- Neumark Wascher, W. (2000). The effect of New Jersey's minimum wage increase on fast-food employment: A reevaluation using payroll records. *American Economic Review* 90(5), 1362–1396.
- Owens, M. and J. Kagel (2010). Minimum wage restrictions and employee effort in incomplete labor markets: An experimental investigation. *Journal of Economic Behavior & Organization* 73(3), 317–326.
- Portugal, P. and A. Cardoso (2002). Disentangling the minimum wage puzzle: An analysis of worker accessions and separations. *IZA Discussion Paper No 544*.
- Ragan, J. (1977). Minimum wages and the youth labor market. *The Review of Economics and Statistics* 59(2), 129–136.
- Schlicht, E. (1998). *On Custom in the Economy*. Clarendon Press.
- Spriggs, W. and B. Klein (1994). *Raising the Floor: The Effects of the Minimum Wage on Low-Wage Workers*. Washington, DC: Economic Policy Institute.
- Stigler, G. (1946). The economics of minimum wage legislation. *The American Economic Review* 36, 358–365.
- Villeval, M. (2016). Can lab experiments help design personnel policies? *IZA World of Labor*, 327.
- Wang, X. (2012). When workers do not know: The behavioral effects of minimum wage laws revisited. *Journal of Economic Psychology* 33(5), 951–962.
- Welch, F. (1974). Minimum wage legislation in the United States. *Economic Inquiry* 12(3), 285–318.
- Zajac, E. (1995). *Political Economy of Fairness*. MIT Press.
- Zavodny, M. (2000). The effect of the minimum wage on employment and hours. *Labour Economics* 7(6), 729–750.