

Donald Deere, Kevin M. Murphy, and Finis Welch, "Employment and the 1990-1991 Minimum Wage Hike," *American Economic Review*, Vol. 85, No. 2, pp. 232-237

1. What questions are the authors investigating?
2. What does economic theory tell us about the employment effects of price floors such as the minimum wage?
3. How do the authors test this theory? What does their regression equation look like? Why did the authors choose this functional form?
4. Why do the authors include a time trend variable? What does this variable show?
5. Which groups benefit/are hurt by increases in the minimum wage according to this study? Why is the state-by-state analysis important for the authors' conclusions?