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The macroeconomic consequences of raising the
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the wage distribution *

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Abstract

We study the quantitative impact of a rise in the minimum wage on macroeconomic outcomes such as employment, the stock of capital and the distribution of wages. Our modeling framework is the large-firm search and matching model. Our comparative statics are in line with previous empirical findings: a moderate increase in the minimum wage barely affects employment, while it compresses the wage distribution and generates positive spillovers on higher wages. The model also predicts an increase in the stock of capital. Next, we perform the policy experiment of introducing a 10 dollar

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