Working Papers on Economics - Distribution, Inequality and Poverty in Colombia: An Assessment of the Contribution of the Minimum

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Publication Date: Friday, 6 of September 2024 **Abstract**
In Colombia, 50% of labor income is lower than the legal MW level. It is in this context that we analyze the effect of increasing MW on labor income distribution and its inequality, household income distribution and its inequality, and on monetary poverty prevalence. Specifically, we study the unconditional quantiles to establish whether there are differential effects for low quantiles, for those closer to MW, and for higher quantiles. We perform this analysis for different occupational groups. We also assess the effects of MW relative to median on labor income inequality, measured by its Gini coefficient, and on monetary poverty prevalence. We find that increases in MW raises quantile values of labor income for most occupational groups, except for the 10th quantile of those distributions. For this quantile, the effects are mostly not statistically significant. With respect to household income per-capita, we find that increasing MW raises all income quantiles, except for the lowest 10% of income. The effect for the 10th quantile is negative. Consistent with those results, we find that increasing MW when it is high relative to median income increases inequality measured by the Gini coefficient as well as monetary poverty prevalence. We use unconditional quantile regressions for our analysis. We use the microdata of a pooled sample of household surveys in Colombia from 2008 to 2019.

Fuente: https://www.banrep.gov.co/en/publications-research/working-papers-economics/distribution-inequality-poverty-colombia-assessment