

Wage
Inequality:
Comment

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Motivation

RBD

Theoretical
Framework
Implication

Empirical
Results

Policy
Implication
Some Concerns

Wage Inequality: Comment

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- Why? Wage Decomposition
- Inequality VS Structure
- Gini VS Regression Based Decomposition (RBD)
- LFS VS Socio Economic Survey

Theoretical Framework

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- Fields (2003)
- A standard semi-log regression
- Coefficient Effect - Correlation Effect - Standard Deviation Effect
- Answer two questions: Level question and Difference question

Theoretical Framework

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■ Fields (2003)

$$\log(\text{Income}) = \alpha + \sum \beta X + \epsilon \quad (1)$$

$$s[\ln(y)] = \frac{\text{cov}(\beta X, \ln(y))}{\sigma^2(\ln(y))} \quad (2)$$

$$s[\ln(y)] = \beta * \sigma(X) * \frac{\text{corr}[X, \ln(y)]}{\sigma(\ln(y))} \quad (3)$$

Implication from Fields (2003)

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- Schooling is the most explanatory variable to raising income inequality
- Occupation
- Schooling's effect is coefficient effect

Results and Implications

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Some Concerns

- Minimum wage policy - Reducing Area Difference
- Increasing salary to 15,000 Bt for new comer - Level of study
- Formal and Informal Sector

Some Concerns

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- Very low standard error - high t-stat, moderate R-square - from large observations
- HH income, implication about Residual, Experience, Hourly wage - record 13/14
- Weighting - SES use Household weight, recalculate? - composition problem
- Selection Bias? - Correction
- Implication between Gini and RBD