

***** OUTPUT FILE: CARD & KRUEGER (1994)*****

* STATA 90 CODE
* copyright C 2008 by Tito Boeri & Jan van Ours
* "LABOR MARKETS, POLICIES, AND INSTITUTIONS"
* by Tito Boeri & Jan van Ours (2008)
* Princeton University Press

*Chapter 2: Minimum Wages
*BOX 2.2 Effects of Minimum Wage changes in the US fastfood
industry, pages 40-43

* Article:
* Minimum Wages and Employment: A Case Study of the
* Fast-Food Industry in New Jersey and Pennsylvania
* by David Card and Alan B Krueger
* The American Economic Review, Vol 84, No 4
* (Sep, 1994), pp 772-793

*VARIABLE DESCRIPTION

*SHEET sheet number (unique store id)
*CHAIN chain 1=Burger King; 2=KFC; 3=Roy Rogers; 4=Wendys
*CO_OWNED 1 if company owned
*STATE 1 if NJ; 0 if Pa

*Dummies for location:

*
*SOUTHJ 1 if in southern NJ
*CENTRALJ 1 if in central NJ
*NORTHJ 1 if in northern NJ
*PA1 1 if in PA, northeast suburbs of Philadelphia
*PA2 1 if in PA, Easton etc
*SHORE 1 if on NJ shore
*

*First Interview:

*
NCALLS number of call-backs
*EMPFT # full-time employees
*EMPPT # part-time employees
*NMGRS # managers/ass't managers
*WAGE_ST starting wage (\$/hr)
*INCTIME months to usual first raise
*FIRSTINC usual amount of first raise (\$/hr)
*BONUS 1 if cash bounty for new workers
*PCTAFF % employees affected by new minimum
*MEALS free/reduced price code (See below)
*OPEN hour of opening
*HRSOPEN number hrs open per day
*PSODA price of medium soda, including tax
*PFRY price of small fries, including tax
*PENTREE price of entree, including tax
*NREGS number of cash registers in store
*NREGS11 number of registers open at 11:00 am
*

*Second Interview:

*
*TYPE2 type 2nd interview 1=phone; 2=personal
*STATUS2 status of second interview: see below
*DATE2 date of second interview MMDDYY format
NCALLS2 number of call-backs

```

*EMPFT2 # full-time employees
*EMPPT2 # part-time employees
*NMGRS2 # managers/ass't managers
*WAGE_ST2 starting wage ($/hr)
*INCTIME2 months to usual first raise
*FIRSTIN2 usual amount of first raise ($/hr)
*SPECIAL2 1 if special program for new workers
*MEALS2 free/reduced price code (See below)
*OPEN2R hour of opening
*HRSOPEN2 number hrs open per day
*PSODA2 price of medium soda, including tax
*PFRY2 price of small fries, including tax
*PENTREE2 price of entree, including tax
*NREGS2 number of cash registers in store
*NREGS112 number of registers open at 11:00 am
*
*Codes:
*
*Free/reduced Meal Variable:
*0 = none
*1 = free meals
*2 = reduced price meals
*3 = both free and reduced price meals
*
*
*Second Interview Status:
*
*0 = refused second interview (count = 1)
*1 = answered 2nd interview (count = 399)
*2 = closed for renovations (count = 2)
*3 = closed "permanently" (count = 6)
*4 = closed for highway construction (count = 1)
*5 = closed due to Mall fire (count = 1)

```

*Note: number of call-backs = 0 if contacted on first call

***** SET THE VALUES AND OPEN THE FILE *****

version 90

```

clear all
set mem 5m

```

```

use "C:\CardKrueger.DTA", clear

```

```

label var fte "Full-time-equivalent pre"
label var fte2 "Full-time-equivalent post"
label var wage_st "Starting Wage pre"
label var wage_st2 "Starting Wage post"

```

```

*balanced panel

```

```

drop if sample==0
*Table 2
*some results
ttest fte, by(state) unequal
ttest fte2, by (state) unequal

```

```

ttest wage_st, by(state) unequal
ttest wage_st2, by(state) unequal

*Figure 1
*Distribution of starting wage rates
sort state
*February 1992
histogram wage_st, bin(50) percent by(state)
*November 1992
histogram wage_st2, bin(50) percent by(state)

gen wage_st_Pa=wage_st if state==0
label var wage_st_Pa "Starting wage"
gen wage_st_Nj=wage_st if state==1
label var wage_st_Nj "Starting wage"
gen wage_st2_Pa=wage_st2 if state==0
label var wage_st2_Pa "Starting wage"
gen wage_st2_Nj=wage_st2 if state==1
label var wage_st2_Nj "Starting wage"

histogram wage_st_Pa, bin(50) percent fcolor(black) legend(label (1
"Pennsylvania")) addplot(histogram wage_st_Nj, bin(50) percent legend
(label (2 "New Jersey")))
histogram wage_st2_Pa, bin(50) percent fcolor(black) legend(label (1
"Pennsylvania")) addplot(histogram wage_st2_Nj, bin(50) percent
legend(label (2 "New Jersey")))

*kdensity
gen wnj1=wage_st if state==1
gen wnj2=wage_st2 if state==1
gen wpa1=wage_st if state==0
gen wpa2=wage_st2 if state==0
kdensity wnj1, generate(dwnj1 dewnj1)
kdensity wpa1, generate(dpal depal)
line dewnj1 depal dwnj1, c(ll)

kdensity wnj2, generate(dwnj2 dewnj2)
kdensity wpa2, generate(dpa2 depa2)
line dewnj2 depa2 dwnj2, c(ll)

xtile nj1_qile=wnj1, n(20)
xtile pa1_qile=wpa1, n(20)
gen qile=nj1_qile if state==1
replace qile=pa1_qile if state==0
sort qile
by qile: egen wdec_nj1=mean(wnj1) if state==1
by qile: egen wdec_pa1=mean(wpa1) if state==0
line wdec_nj1 wdec_pa1 qile, c(ll)

xtile nj2_qile=wnj2, n(20)
xtile pa2_qile=wpa2, n(20)
gen qile2=nj2_qile if state==1
replace qile2=pa2_qile if state==0
sort qile2
by qile2: egen wdec_nj2=mean(wnj1) if state==1
by qile2: egen wdec_pa2=mean(wpa1) if state==0
line wdec_nj2 wdec_pa2 qile2, c(ll)

*generate difference in differences for employment

```

```
egen fteNJ=mean(fte) if state==1
egen fteNJ2=mean(fte2) if state==1
egen ftePA=mean(fte) if state==0
egen ftePA2=mean(fte2) if state==0
gen dfteNJ=fteNJ2-fteNJ
gen dftePA=ftePA2-ftePA

*generate difference in differences for starting wages

egen wage_stNJ=mean(wage_st) if state==1
egen wage_stNJ2=mean(wage_st2) if state==1
egen wage_stPA=mean(wage_st) if state==0
egen wage_stPA2=mean(wage_st2) if state==0
gen dwage_stNJ=wage_stNJ2-wage_stNJ
gen dwage_stPA=wage_stPA2-wage_stPA

*regression analog of difference in difference
generate dwm=0.8 if state==1
replace dwm=0 if state==0
reg dfte state
reg dfte dwm
```