**MINIMUM WAGES AND THE WAGE DISTRIBUTION IN ESTONIA**

**MINIMĀLĀ ALGA UN ALGU SADALĪJUMS IGAUNIJĀ**

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This paper (written together with and) analyses how the statutory minimum wage has affected the wage distribution in Estonia, a country with virtually little collective bargaining and relatively large wage inequality. The computations follow Lee (1999) but the effects of the minimum wage are identified by the degree to which the minimum wage binds in different labour markets defined by time, region and sector. The minimum wage affects wages in the lower tail of the distribution, but the effects are most pronounced up to the 20th percentile and then decline markedly as the wage approaches the median wage. The minimum wage is of greater importance for women than for men. Interestingly, the importance of the minimum wage for the lower tail of the wage distribution was smaller during the global financial crisis than before or after the crisis.

**Key words:** global financial crisis, inequality,minimum wage, spill-over effects, wage distribution