We are grateful to the referee for his/her helpful and insightful comments and suggestions. His/her contribution is duly acknowledged in the new version of the paper. Below, we reproduce the individual comments and indicate who we dealt with them.

1) The paper needs more descriptive evidence. It is very difficult to evaluate the importance of the policy and soundness of the research design without any summary statistics, discussion of sample selection criteria, survey attrition, and only one figure illustrating the employment dynamics. Employment dynamics depicted in the Figure 1 should cover much broader set of ages – after all, the authors extend the analysis to years 18 and 21, and the reader has no idea how the employment rate behaves around these ages. The figure should be also stratified by gender and skills of the workers. The same should be done for unemployment and economic inactivity.

We are grateful to the referee for this suggestion. We changed Figure 1 so that it covers a longer period, from 18 to 23 years of age, includes both genders, and also features the activity rate. We also changed the discussion in the text accordingly.

2) From my reading of Table 6, it seems that the NMW discontinuity is binding for about 3% of workers. If this assertion is correct (the authors do not discuss the bite of the policy in the paper), then I worry about the usefulness of this exercise. As mentioned above, the null findings may be in such case driven by the fact that no one needs to respond to a non-binding policy.

This is a valid point, and we are grateful to the referee for raising it. However, it is a difficult task to compute the proportion of workers who are affected by the adult minimum wage as only a small proportion of them reports their salaries. Looking at them, it is possible, at least, to compute the lower bound for the proportion of affected workers. Indeed, only around 3.3% of workers who are within four months of turning 22 are earning less than the adult minimum wage rate. Looking at workers who are about to turn 21, the share of those earning less than the adult NMW is 4.3%. This small share of young workers for whom the minimum wage is binding can be one reason why we find a change in the slope of the employment probability function rather than a level shift. We have amended the discussion in the paper accordingly, in Sections 2 and 3.

3) From my reading of the literature, there seem to be several papers identifying sharp discontinuities of employment dynamics at the point when workers become eligible for higher minimum wage rates. This list also includes one recent paper missed by the authors (Kreiner et al., 2017). Is there a reason why the British case should be different from the dynamics observed in the other countries? Is there an institutional feature of the labor code or an economic model which would predict the employment probability smoothly deteriorating prior to the age 22, rather than shifting suddenly at the threshold?

We are grateful to the referee for alerting us about this paper. We are now discussing it, along with the other literature on age-related minimum-wage increases.

4) And more importantly, is there a reason to expect that there should be a sharp discontinuity right at the age of 21, as tested by the authors? From both the workers’ and employers’ perspectives, this seems like an irrational behavior. Rather than being an evidence of dynamic effects of the discontinuity, the finding of significant effects at the age 21 raises concerns about appropriateness of the chosen modelling strategy.

As we explain in the paper, we originally expected to find an effect, if any, at the age of 22. Once we failed to find a significant effect there, we performed a number of falsification tests at other ages, and found a significant one at 21.
Finding an effect before young workers reach the age threshold is not irrational, given that reaching turning 22 is the outcome of an entirely deterministic process. An employer keen on not having any young workers aged 22 and above would also rationally avoid employing (or terminate) any workers who are sufficiently close to this age threshold. There is no specific reason to expect the negative effect to occur when aged 21, but at the same time it should not be surprising that such a negative effect occurs before workers turn 22.

5) The formula presented in equation (5) is wrong. Instead of copying a simplified formula from Norton et al., the authors should do the math themselves and derive the effect correctly. This mistake casts doubt on all the estimates presented in the main analysis.

We inspected the equation (5) and cannot see how it is wrong. A further guidance from the referee on this would be appreciated.

6) It is unlikely that the quadratic age controls in the Dif-in-dif analysis would be flexible enough to approximate the dynamics of the employment rate over the ages 18-40. Moving ahead, there are two obvious paths to take. If the NMW discontinuity at age 22 is indeed largely non-binding, then the authors should either shift their focus to a discontinuity with better bite – potentially this could be the one at age 18 (bearing in mind that there are other issues with this particular age threshold). Or focus on showing that the results of DRW cannot be reproduced, which is interesting and valuable in its own right. Further interpretations of the slope changes around the 22-year threshold are however likely to be tenuous, and should be avoided.

We believe that the finding that there is a slope rather than level change around the age 21 is a contribution that is both novel and relevant, more so than showing that the DRW result cannot be reproduced.

We discuss the effect of turning 18 but given that this age is associated with other important changes that affect young workers’ employability, we prefer to focus at the more interesting shift to adult minimum wage rate at 22.