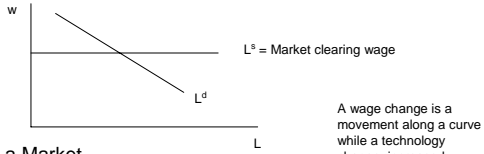
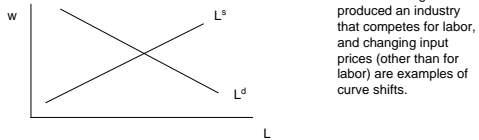


Demand, Supply, and the Equilibrium Wage

- For a firm

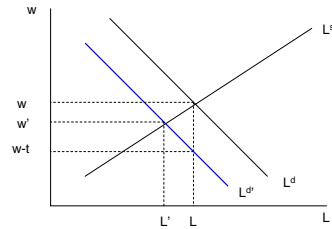


- For a Market

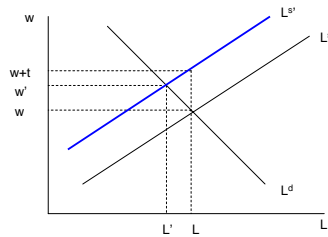


A wage change is a movement along a curve while a technology change, increased demand for a good produced an industry that competes for labor, and changing input prices (other than for labor) are examples of curve shifts.

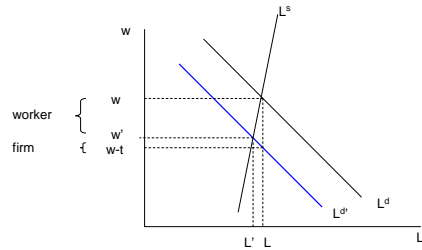
Payroll Tax Assessed on Firms



Payroll Tax Assessed on Workers

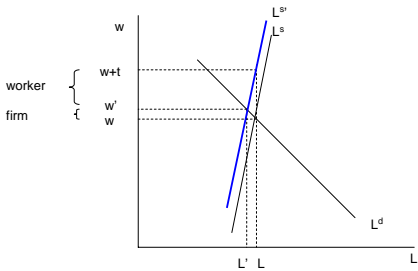


Who Pays More? The Worker or the Firm?



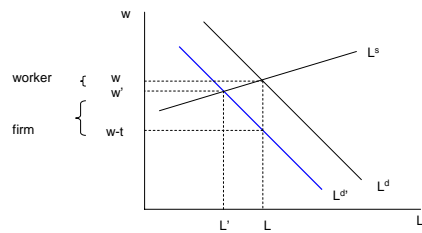
Payroll tax assessed on firm

Who Pays More? The Worker or the Firm?

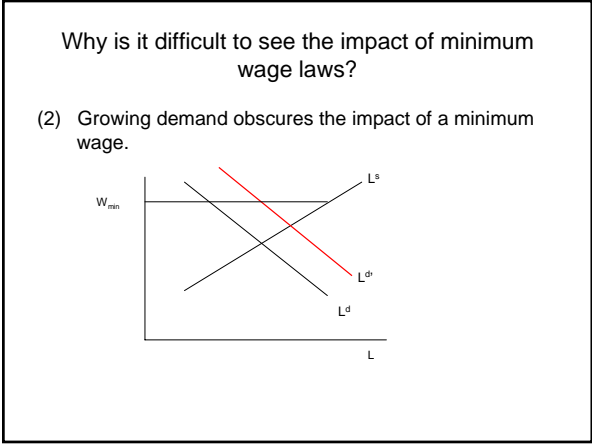
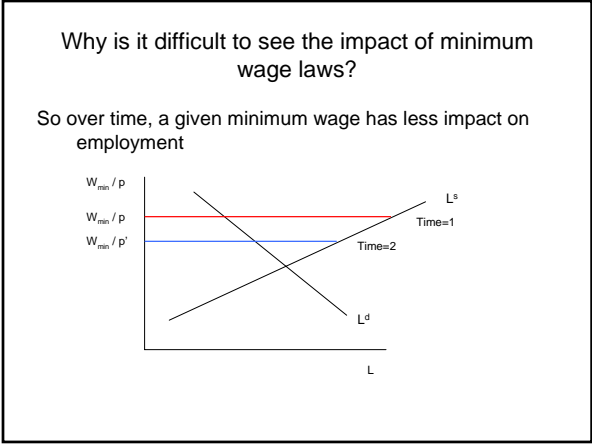
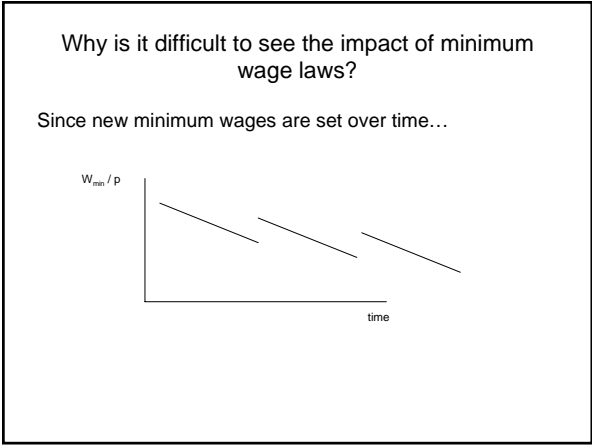
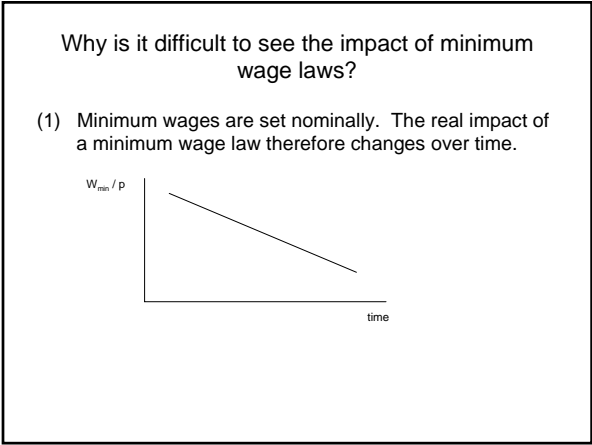
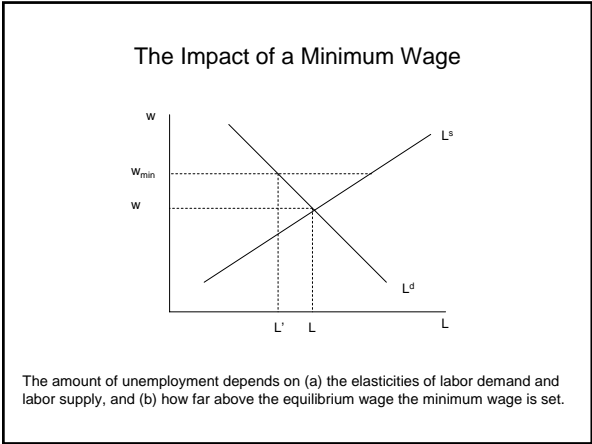
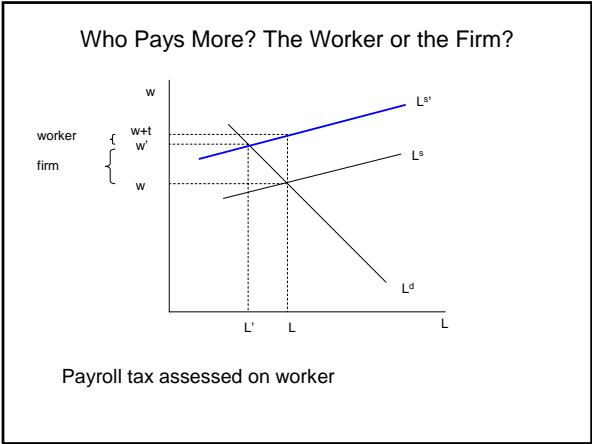


Payroll tax assessed on worker

Who Pays More? The Worker or the Firm?



Payroll tax assessed on firm



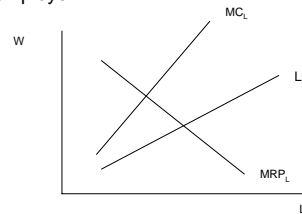
Why is it difficult to see the impact of minimum wage laws?

(3) Uncovered sectors.

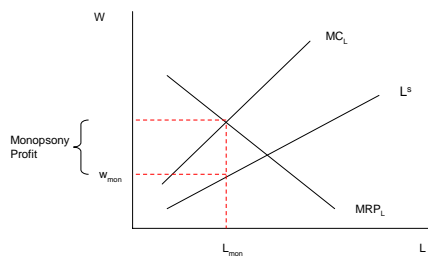
- In this case, an increase in the minimum wage (or the introduction of a minimum wage) may lead to a reallocation of workers across 'covered' and 'uncovered' sectors.
- As a result, employment may increase or decrease.

Monopsonists and Labor Demand

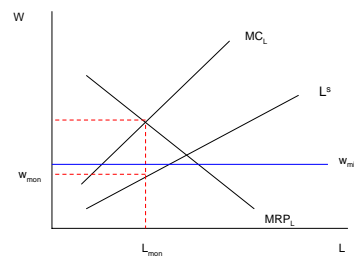
- A firm has monopsony power if it faces an upward sloping labor supply curve.
- A pure monopsony is a labor market with only one employer.



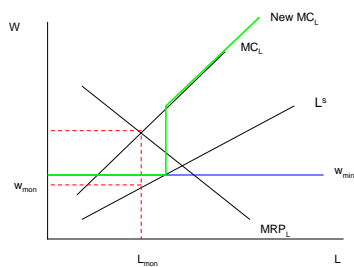
Monopsonists and Labor Demand



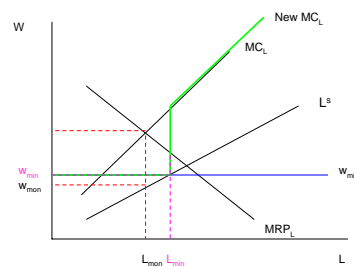
What happens if a minimum wage is imposed?



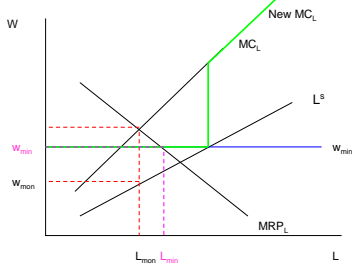
What happens if a minimum wage is imposed?



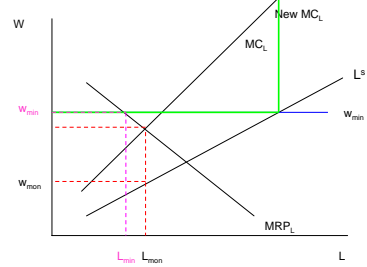
What happens if a minimum wage is imposed?



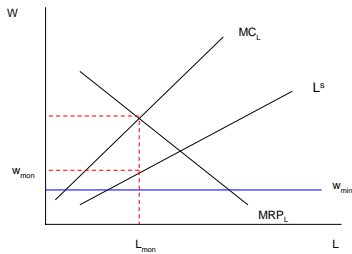
What happens if a minimum wage is imposed?



What happens if a minimum wage is imposed?



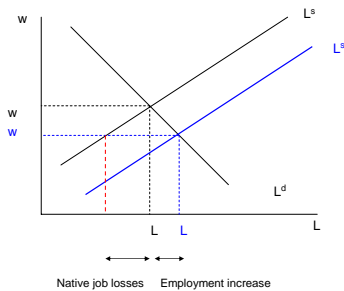
What happens if a minimum wage is imposed?



Card and Krueger Paper

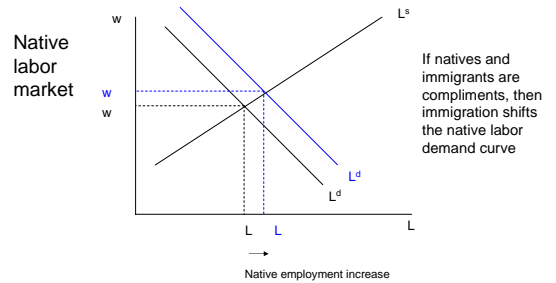
- We will talk about the Card and Krueger minimum wage paper at this point.

Immigration



This analysis assumes that natives and immigrants are perfect substitutes.

But, the assumption of perfect substitutes is questionable at best. What if natives and immigrants are compliments?



Marcel Boatlift Paper

- We will talk about the Card Marcel boatlift paper at this point.