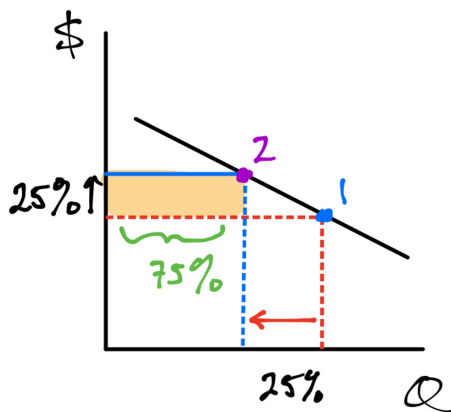


Price Floors, Continued

Impact of the demand elasticity:

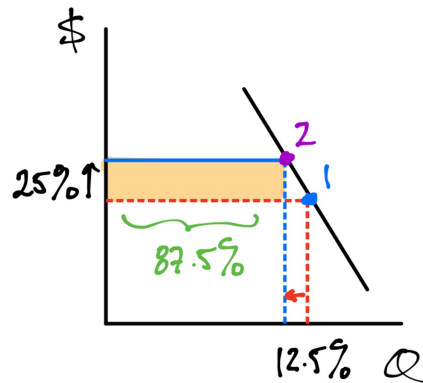
Large η



Job losses: larger

Transfers: smaller

Small η



Job losses: smaller

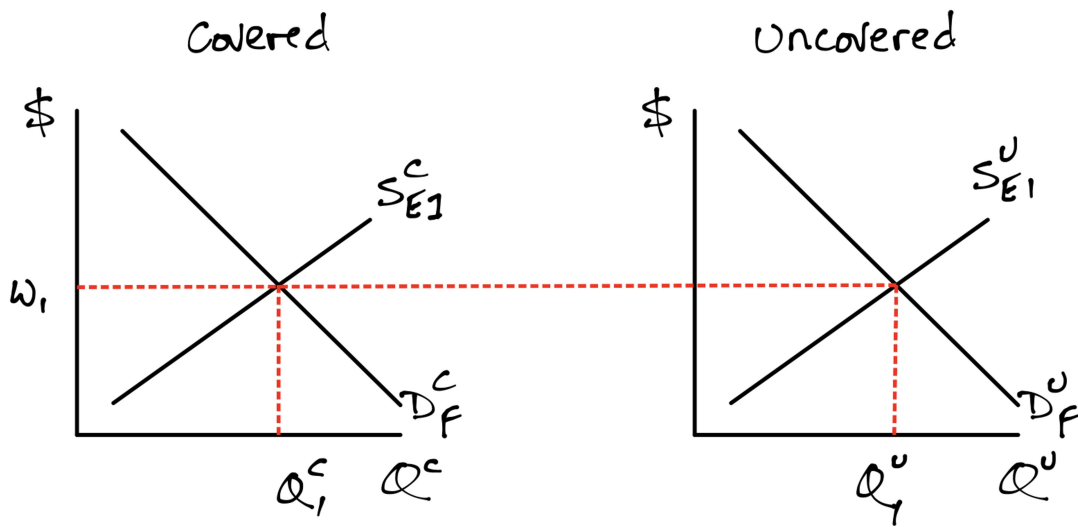
Transfers: larger

Long run spillover into the **uncovered** market:

Minimum wage in *covered* market:

Lowers wages in *uncovered* markets for *similar skills*

Prior to minimum wage:



In the long run after the minimum wage:

