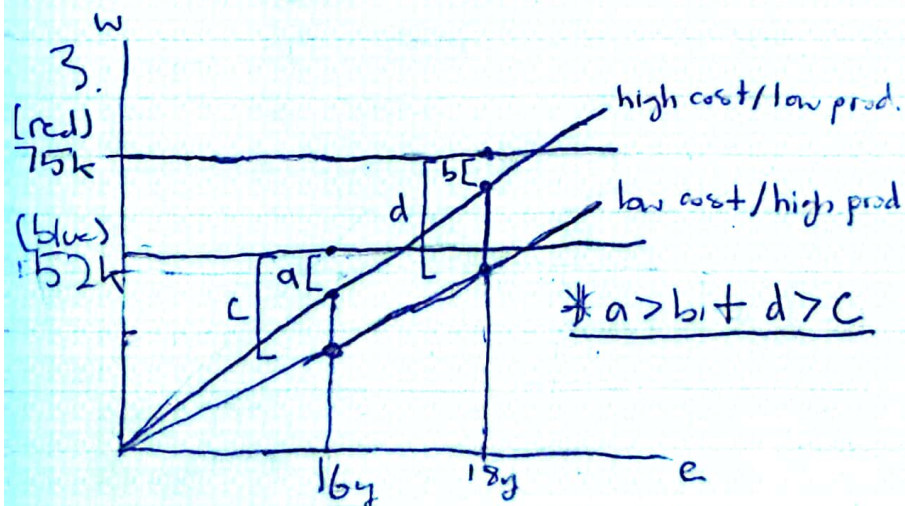


As long as the min wage increase isn't so large that it becomes equal to or above ME , it is still in the firm's best interest to increase labor $L_1 \rightarrow L_{min}$.

2. Monopsony market, in perfect comp an increase to the min wage will lower total employment, making it harder to find a job straight out of HS. In a monopsony market it is possible (per 1.) for both w + employment to increase which makes an immediate job relatively more attractive compared to college.



4. I think this would increase the signaling power of grad degrees. This is essentially an increase to the cost of getting the degree which should de-incentivize a pooling eq. by weeding out people who don't highly value/utilize the degree.

EC 550 HW # 4 | Nataniel Moreau