

1. Monopsony continued
  - Review and numerical example
  - Does monopsony exist in the real world? Examples. Possible sources of monopsony power.
2. Employment effects of the minimum wage: introduction
  - History of minimum wage legislation and levels (nominal and real)
  - Coverage and enforcement
  - Minimum wage and poverty reduction: how well targeted?
3. Minimum wage effects on employment: competitive theory
  - Basic competitive model
  - Minimum wage when there are covered and uncovered sectors: example of living wage, enforcement issues
4. Minimum wage effects on employment: the evidence
  - Predictions based on known elasticities
  - Time-series studies
  - “Natural experiments”: the Card and Krueger fast food studies
  - Conflicting results: The bottom line seems to be that if there are negative employment effects of the minimum wage, they appear to be quite small
  - Caveat: Everyone agrees that the effects would have to be larger for much larger hikes in the minimum (say, to \$20 per hour)
5. How can we explain the unexpected findings?
  - Short run vs. long run
  - Minimum-wage workers as hamburger eaters
  - Minimum wage when firms have monopsony power
6. Efficiency and efficacy of the minimum wage
  - The employment effects might be thought of as relating to the economic *efficiency* (or lack thereof) of the minimum wage
  - But also, the question of *efficacy*: Does the minimum wage do what we want it to do? That is, does it help reduce poverty and/or inequality?

Reading for next time: Rodrik, *Has Globalization Gone Too Far?* chapter 2 (see web site)

Homework #8 due Tuesday, November 6: see attached.