

CONCEPT: MINIMUM WAGE LAWS AND EFFICIENCY WAGES

- A **price floor** is the legally determined _____ price for a good.
 - For a price floor to be effective, the price floor must be _____
 - Effective price floors cause a _____ in the market.
 - Common price floor topic: **Minimum Wage Laws**



- Leads to a compromise between a *living wage* for workers with jobs and *unemployment* for unemployed workers.
- Some employers pay wages above equilibrium as an _____ to their employees.
 - A wage _____ the equilibrium wage is called an **efficiency wage**
 - *Worker Turnover*: The opportunity cost of losing an efficiency-wage job is _____
 - *Worker Quality*: If you are fired, you will likely have to accept a _____ paying job
 - *Worker Effort*: Workers are motivated to perform well to avoid being fired