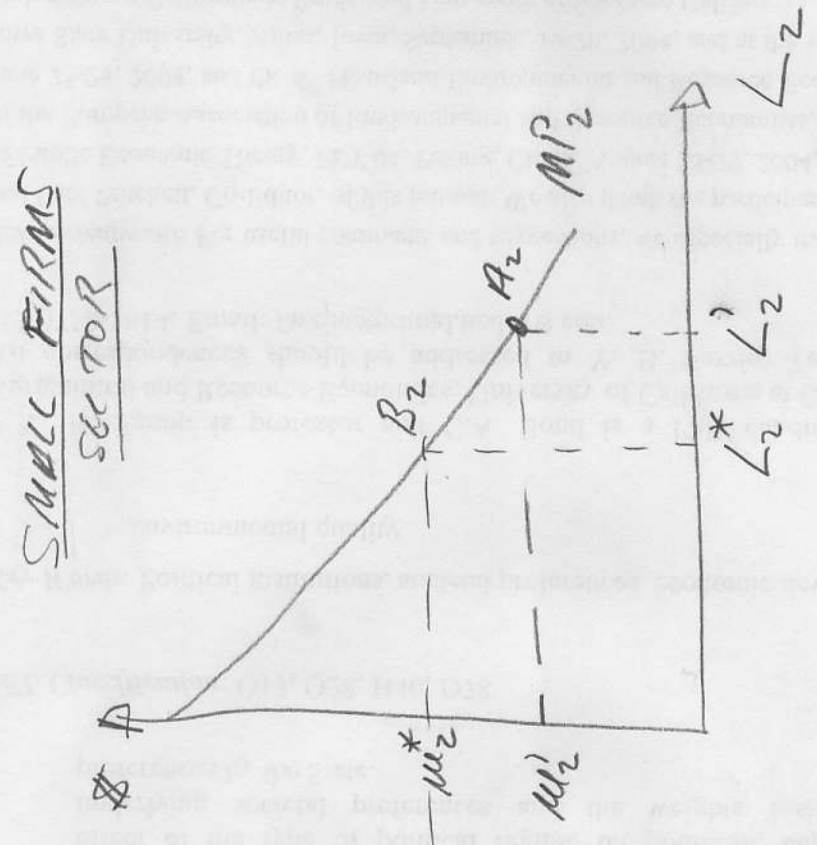
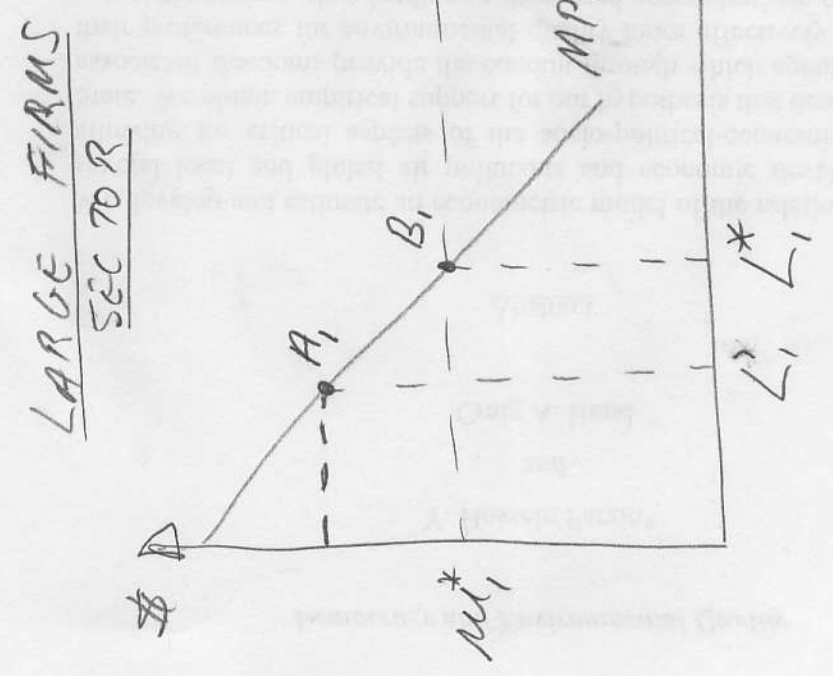


w_2^1 = small firm wage with law.
 w_2^* = " " without law.



MP_1 = Marginal productivity (MP) of large firm workers.
 MP_2 = " " " " small " "
 A_1 & A_2 : labour allocation with law.
 B_1 & B_2 : " " without law.