**Ch15 Issues in Labor Markets**

**Multiple Choice Questions**

**1.** Negotiations between unions and a firm or firms is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. collective bargaining

B. cooperative bargaining

C. united bargaining

D. organized bargaining

Answer: A Reference:

Explanation:

Type: Multiple Choice

**2.** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ involves active efforts to improve the job opportunities or outcomes of minority groups or women.

A. Meritorious action

B. Affirmative action

C. Anti-discriminative action

D. Aligned action

Answer: B Reference:

Explanation:

Type: Multiple Choice

**3.** A \_\_\_\_\_\_\_\_\_\_\_\_\_ is an organization of workers that negotiates with employers as a group over wages and working conditions.

A. affirmative union

B. collective union

C. labor union

D. cooperative union

Answer: C Reference:

Explanation:

Type: Multiple Choice

**4.** A labor union seeks to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ between employers and workers.

A. change the balance of negotiations

B. change the economic balance

C. force employers to deal with individual workers

D. lobby government for changes

Answer: A Reference:

Explanation:

Type: Multiple Choice

**5.** The existence of labor unions forces employers to deal with workers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. individually, rather than as a collective

B. cooperatively, rather than uncooperatively

C. equitably, rather than inequitably

D. collectively, rather than as individuals

Answer: D Reference:

Explanation:

Type: Multiple Choice

**6.** Labor unions can:

A. be a primary line of defense against suppressed wage levels.

B. be controversial in a for-profit market driven economy.

C. bring better economic gains for their memberships.

D. protect workers' pensions and all of the above.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**7.** Which of the following arguments would most likely be presented by a critic of labor unions?

A. unions oppose suppression of wages by profit-seeking firms

B. unions have a tendency to gain as much as possible in the long-term

C. unions can prohibit economic growth if new technology is blocked

D. unions have a higher percentage of women members than men

Answer: C Reference:

Explanation:

Type: Multiple Choice

**8.** With regard to labor unions, which of the following is an accurate statement?

A. percentage of members is higher for women than men

B. membership is lower for agriculture or service-oriented jobs

C. membership is lower in government and manufacturing

D. membership is higher for blacks or Hispanics than for whites

Answer: B Reference:

Explanation:

Type: Multiple Choice

**9.** The percentage of workers belonging to a union is higher in the

A. 45–64 age range.

B. 25-45 age range.

C. 40 -65 age range.

D. 30-50 age range.

Answer: A Reference:

Explanation:

Type: Multiple Choice

**10.** Union members earn \_\_\_\_\_\_\_\_\_\_\_\_\_\_ than non-union members, even after adjusting for factors such as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. about 10% more; racial discrimination and immigration.

B. about the same; union dues and cost of lawyers for collective bargaining.

C. about 20% more; years of work experience and education level.

D. about 30% more; healthcare and retirement benefits.

Answer: C Reference:

Explanation:

Type: Multiple Choice

**11.** In the Unites States, worker membership in labor unions has been

A. steadily growing for 50 years.

B. steadily growing in the last decade.

C. steadily growing due to immigration.

D. steadily declining for 50 years.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**12.** If an economist were to disregard unionized government employees, then current U.S. labor market statistics would show that

A. 10% of the workers employed by private firms work for a union.

B. 98% of the workers employed by private firms aren't unionized.

C. 8% of the workers employed by private firms work for a union.

D. 80% of the workers employed by private firms aren't unionized.

Answer: C Reference:

Explanation:

Type: Multiple Choice

**13.** In the United States, the share of wage and salary for workers who belong to unions

A. declined sharply in the 1930s and 1940s.

B. rose sharply in the 1930s and 1940s.

C. rose sharply in the 1950s and 1960s.

D. declined sharply in the 1940s and 1950s.

Answer: B Reference:

Explanation:

Type: Multiple Choice

**14.** If a for-profit firm that has paid out record bonuses to its executive every year while underfunding contributions to unionized workers' pensions required under the collective agreement then attempts to reduce workers' pension entitlements, the union members will most likely

A. enter into collective bargaining.

B. be unable to defend against this action.

C. take defensive strike action.

D. receive higher wages instead.

Answer: C Reference:

Explanation:

Type: Multiple Choice

**15.** As a result of the American workers' ability to sell their labor though a union, profit-making firms must pay wages

A. exceeding the equilibrium wage those firms would otherwise have selected.

B. at the intersection of the demand and supply labor curves.

C. below the equilibrium wage level those firms would otherwise be able to pay.

D. that match the preferred equilibrium wage these firms have selected.

Answer: A Reference:

Explanation:

Type: Multiple Choice

**16.** Members of labor unions are able to use their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to achieve better economic outcomes.

A. cooperative nature

B. bargaining power

C. secret ballot votes

D. excess supply of labor

Answer: B Reference:

Explanation:

Type: Multiple Choice

**17.** The presence of organized labor in the U.S. labor market creates a situation that resembles a

A. government acting as a negotiator between workers and employers.

B. union official acting like lawyers negotiating legal agreements.

C. for profit-firm acting cooperatively to reduce unequal wealth distribution.

D. union acting as a monopoly in selling labor to firms.

Answer: A Reference:

Explanation:

Type: Multiple Choice

**18.** Say the average increase in pay for non-union workers in 2011 is 2% across the U.S.If a workers' union successfully negotiates a 3 year collective agreement that provides a 4.5% raise in 2011, and a 4.3% raise in 2013, then the for-profit employer will typically

A. begin to fire its older union workers.

B. replace union workers with non-union workers.

C. curtail expansion of labor as a trade-off.

D. replace union workers with foreign workers.

Answer: C Reference:

Explanation:

Type: Multiple Choice

**19.** From a competitive firms’ point of view, the key question regarding the higher wages paid to union workers is whether the higher wage level

A. is matched by non-union producers.

B. can be passed on to its costumers.

C. leads to workers with more experience.

D. is matched with higher productivity.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**20.** There is sufficient evidence showing that union workers in the manufacturing sector generally

A. tend to hold those jobs for less time than non-union workers.

B. have higher productivity than non-union workers.

C. have fewer years of experience than non-union workers,

D. have lower productivity than non-union workers

Answer: B Reference:

Explanation:

Type: Multiple Choice

**21.** Which of the following industries is the least likely to employ a unionized labor force?

A. finance, insurance and real estate

B. transportation and public utilities

C. government

D. precision, production, and repair

Answer: A Reference:

Explanation:

Type: Multiple Choice

**22.** The table below shows the quantity demanded and supplied in the labor market for economics professors at the I'MaStateUniversity, where all the professors belong to a union.

|  |  |  |
| --- | --- | --- |
| Annual Salary | Quantity of workers demanded | Quantity ofworkers supplied |
| $50,000 | 95 | 20 |
| $60,000 | 80 | 30 |
| $70,000 | 65 | 40 |
| $80,000 | 50 | 50 |
| $90,000 | 35 | 60 |
| $100,000 | 20 | 70 |

If no union existed, the equilibrium salary for economics professors will be

A. $70,000

B. $80,000

C. $90,000

D. $100,000

Answer: B Reference:

Explanation:

Type: Multiple Choice

**23.** The table below shows the quantity demanded and supplied in the labor market for economics professors at the I'MaStateUniversity, where all the professors belong to a union.

|  |  |  |
| --- | --- | --- |
| Annual Salary | Quantity of workers demanded | Quantity ofworkers supplied |
| $50,000 | 95 | 20 |
| $60,000 | 80 | 30 |
| $70,000 | 65 | 40 |
| $80,000 | 50 | 50 |
| $90,000 | 35 | 60 |
| $100,000 | 20 | 70 |

If the union has enough negotiating power to raise the annual salary by $20,000 more than a non-unionized university would be willing to pay, then there will be excess \_\_\_ of labor of \_\_\_ economics professors.

A. demand, 50

B. demand, 25

C. supply, 50

D. supply, 25

Answer: C Reference:

Explanation:

Type: Multiple Choice

**24.** The table below shows the quantity demanded and supplied in the labor market for economics professors at I'mAStateUniversity, where all the professors belong to a union. All of the economics professors could also work as economic consultants, but the market for economic consultants is not unionized.

|  |  |  |
| --- | --- | --- |
| Annual Salary | Quantity of workers demanded | Quantity ofworkers supplied |
| $50,000 | 95 | 20 |
| $60,000 | 80 | 30 |
| $70,000 | 65 | 40 |
| $80,000 | 50 | 50 |
| $90,000 | 35 | 60 |
| $100,000 | 20 | 70 |

If the union negotiates an annual salary increase for economics professors that is $20,000 higher than the market wage rate for economic consultants, then the market wage rate for the consulting positions will \_\_\_ and the quantity of economic consultants employed will \_\_\_.

A. rise, rise

B. rise, fall

C. fall, fall

D. fall, rise

Answer: D Reference:

Explanation:

Type: Multiple Choice

**25.** The town of Bookville has a massive public library system. Bookville's municipal government faces a trade off between retaining the current number of library workers and replacing some of its workers with computers. The four options available to the government are given in table below.

|  |  |  |
| --- | --- | --- |
|  | Number of workers | Number of computers |
| Choice A | 30 | 50 |
| Choice B | 20 | 100 |
| Choice C | 10 | 150 |
| Choice D | 5 | 300 |

Computers and software cost $5,000 each and must be replaced each year. In a non-unionized labor market, workers are paid $20,000 per year. In these circumstances, the optimal choice from a cost perspective for the city government is

A. Choice A

B. Choice B

C. Choice C

D. Choice D

Answer: A Reference:

Explanation:

Type: Multiple Choice

**26.** The town of Bookville has a massive public library system. Bookville's municipal government faces a trade off between retaining its current level of library workers and replacing some of them with computers. The four options available to the government are given in table below.

|  |  |  |
| --- | --- | --- |
|  | Number of workers | Number of computers |
| Choice A | 30 | 50 |
| Choice B | 20 | 100 |
| Choice C | 10 | 150 |
| Choice D | 5 | 300 |

After the introduction of a strong union, the annual salary for workers increases to $30,000. In these circumstances, the optimal choice from a cost perspective for the city government is

A. Choice A

B. Choice B

C. Choice C

D. Choice D

Answer: C Reference:

Explanation:

Type: Multiple Choice

**27.** Union membership has \_\_\_\_\_\_\_\_\_\_\_\_ in the United States because of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. risen; the shift from service to manufacturing industries

B. risen; increased global trade from U.S. manufacturers

C. fallen; laws enacted making it more difficult to unionize

D. fallen; laws making workplace protection more difficult

Answer: C Reference:

Explanation:

Type: Multiple Choice

**28.** In the United States, the number of unionized government jobs has \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. increased dramatically

B. increased modestly

C. modestly declined

D. dramatically declined

Answer: B Reference:

Explanation:

Type: Multiple Choice

**29.** In the U.S. manufacturing sector, unionized jobs have \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in recent years.

A. increased modestly

B. have trended up

C. have trended down

D. declined dramatically

Answer: C Reference:

Explanation:

Type: Multiple Choice

**30.** Once the U.S. government opened its domestic markets to international trade, the competition from imported cars, steel, and other products caused demand for similar U.S. goods to

A. continually increase leading to an overall increase in union membership.

B. fall, leading to lower output, fewer workers, and an overall decline in union membership.

C. decline, causing workers to call upon governments to pass indexed wage protection laws.

D. rise, but laws made it difficult for new workers to become union members.

Answer: B Reference:

Explanation:

Type: Multiple Choice

**31.** Which of the following is most likely to have a large union membership that experiences little import competition?

A. telemarketing

B. lawyers in the legal services sector

C. the real estate industry

D. police services

Answer: D Reference:

Explanation:

Type: Multiple Choice

**32.** In order to provide its workforce with an alternative to forming a union, the U.S. government passed laws about work conditions, namely,

A. minimum wage and employment insurance.

B. regulation of workers' pensions.

C. paid parental leave for workers.

D. overtime and all of the above.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**33.** The proportion of workers in a number of the world’s high-income economies who belong to unions, when compared to unionized workers in the U.S., is

A. very high.

B. very low.

C. about the same, compared to Canada.

D. high, compared to France and Spain.

Answer: A Reference:

Explanation:

Type: Multiple Choice

**34.** What Act was passed to allow American workers to opt out of the union in their workplace?

A. Labor Relations Act of 1947

B. Taft-Hartley Act of 1947

C. National Labor-Management Relations Act of 1935

D. National Workers' Rights Act of 1940

Answer: B Reference:

Explanation:

Type: Multiple Choice

**35.** The U.S. government strongly encouraged unions to be formed in the early 1940s because they held the view that unions would help to

A. co-ordinate the all-out production efforts needed during World War II.

B. develop uniform procedures for forming unions across the country.

C. raise the standard of living of the American people during World War II.

D. end the racial discrimination that was prevalent in American workplaces.

Answer: A Reference:

Explanation:

Type: Multiple Choice

**36.** The Taft-Hartley Act made the legal climate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ , and union membership levels \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. more encouraging to women seeking to unionize; increased

B. less encouraging to union movements; soon started declining

C. friendlier to blacks seeking to form unions; increased sharply

D. less friendly for firefighters wanting to unionize; stagnated.

Answer: B Reference:

Explanation:

Type: Multiple Choice

**37.** If unions help workers secure pension benefits, so that those workers are less dependent on government social assistance after their retirement, then

A. the for-profit unionized industries will be less productive.

B. the for-profit unionized industries will be harmed.

C. the union is economically harmful.

D. the union is economically beneficial.

Answer: D Reference:

Explanation:

Type: Multiple Choice

**38.** Unions can be perceived as being economically harmful when they

A. strike infrequently

B. successfully negotiate higher wages

C. support modernization and new technology

D. none of the above

Answer: D Reference:

Explanation:

Type: Multiple Choice

**39.** There is little evidence that countries with high union membership \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and also very little evidence that the reduction in U.S. union membership over time has brought \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for the U.S. economy as a whole.

A. tend to suffer economic damage as a result; broad benefits or costs

B. have economically benefited; economics benefits

C. have broader benefits as a result; economic damage

D. tend to enjoy economic benefits as a result; harmful economic costs

Answer: A Reference:

Explanation:

Type: Multiple Choice

**40.** The study of unions and their economic effects needs to focus on \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, not on \_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. economic benefits; economic harms

B. economic harms; economic benefits

C. specific situations; generalities

D. generalities; specific situations

Answer: C Reference:

Explanation:

Type: Multiple Choice

**41.** Since 1960, the earnings gap between men and women in the U.S. labor market has

A. steadily risen.

B. been completely eliminated.

C. continued to narrow.

D. increased throughout the 1970s.

Answer: C Reference:

Explanation:

Type: Multiple Choice

**42.** Although the earnings gap between men and women in the U.S. labor market \_\_\_\_\_\_\_\_\_\_\_ in the 1970s, it has \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. did not change much; been declining since 1980

B. did not change much; been on the increase since 1980

C. increased, ; been declining since 1980

D. declined, been increasing since 1980

Answer: A Reference:

Explanation:

Type: Multiple Choice

**43.** In recent years, the U.S. labor market has experienced a \_\_\_\_\_\_\_\_\_\_ in the earnings gap between men and women. One of the main factors behind this is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. big decline; men have steadily been less productive and their wages have fallen

B. decline; women’s' career focus and rewards gained with top-level job expertise

C. increase; women are getting married and having children earlier in life

D. big increase; an increase in gender-based discrimination in labor markets

Answer: B Reference:

Explanation:

Type: Multiple Choice

**44.** Discrimination in labor markets arises if \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, as measured by education, receive different pay because of their \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ .

A. workers with different skill levels; race or gender

B. workers with no experience; race or marital status

C. workers with work experience; race or marital status

D. workers with the same skill levels; race or gender

Answer: D Reference:

Explanation:

Type: Multiple Choice

**45.** The earnings gap in the U.S. labor market between black and white workers \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. was completely eliminated by the end of the 1960s

B. has not diminished at all since 1960

C. has diminished since 1960, but a gap still remains

D. existed in the 1960s but was reversed throughout the 1970s

Answer: C Reference:

Explanation:

Type: Multiple Choice

**46.** The earnings gap in the U.S. labor market between black and white workers \_\_\_\_\_\_\_\_\_\_ in the 1960s and 1970s, but, since 1980, the gap \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

A. rose substantially; has not changed much

B. fell substantially; is pretty well unchanged

C. rose substantially, has declined substantially

D. fell substantially, has substantially increased

Answer: B Reference:

Explanation:

Type: Multiple Choice

**47.** Factors that contributed to the current level of the earnings gap in the U.S. labor market between black and white workers include:

A. the combination of changes in law and changes in social attitudes

B. changes in production techniques made white workers unproductive

C. a large decline in the average education levels for white workers

D. a vast increase in the number of well-educated black workers and a

Answer: A Reference:

Explanation:

Type: Multiple Choice

**48.** Of all the available policies to reduce discrimination by race and gender, the most costly is likely to be:

A. affirmative action outreach

B. affirmative action goals and quotas

C. laws prohibiting discrimination

D. improved educational opportunities

Answer: D Reference:

Explanation:

Type: Multiple Choice

**49.** Of the many available policies to reduce discrimination by race and gender in the U.S. labor market, the most controversial is likely to be

A. laws prohibiting discrimination

B. affirmative action goals and quotas

C. increased access to child care

D. improved educational opportunities

Answer: B Reference:

Explanation:

Type: Multiple Choice

**50.** Measured in absolute numbers, the level of immigration during the 1990s into the United States was \_\_\_\_\_\_\_\_\_ compared with the levels of previous decades. When considered as a percentage of the population at the time, the level of immigration into the United States during the 1990s was \_\_\_\_\_\_\_\_ than the levels experienced during the earlier decades of the twentieth century.

A. lower, higher

B. lower, lower

C. higher, lower

D. higher, higher

Answer: C Reference:

Explanation:

Type: Multiple Choice

**51.** Discriminatory impulses in the labor market can emerge at a number of levels:

A. among managers

B. among workers

C. among customers

D. all of the above

Answer: D Reference:

Explanation:

Type: Multiple Choice

**52.** If U.S. immigration consists of mainly low-skilled workers, then an increase in immigration \_\_\_\_\_\_\_\_\_\_ the wages of low-skilled workers.

A. will increase

B. will reduce

C. may increase or reduce

D. will not affect

Answer: B Reference:

Explanation:

Type: Multiple Choice

**53.** If immigration consists of mainly high-skilled workers, then a(n) \_\_\_\_\_\_\_\_ in immigration will \_\_\_\_\_\_\_\_ the wages of high-skilled workers.

A. increase, increase

B. increase, not affect

C. decrease, decrease

D. decrease, increase

Answer: D Reference:

Explanation:

Type: Multiple Choice

**54.** The costs that immigrants impose on governments arise mainly in terms of \_\_\_\_\_\_\_\_\_, which are primarily the responsibilities of the \_\_\_\_\_\_\_\_\_ government(s).

A. administration, state and local

B. administration, federal

C. public schools and healthcare, state and local

D. public schools and healthcare, federal

Answer: C Reference:

Explanation:

Type: Multiple Choice

**55.** Any government policy that provides \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ deserves to be looked at twice, or even three times.

A. gains to those with higher incomes; imposes costs on those with lower incomes

B. gains to those with lower incomes; imposes costs on those with higher incomes

C. public schooling; welfare benefits

D. local tax revenue; state tax revenue

Answer: A Reference:

Explanation:

Type: Multiple Choice

**Essay Questions**

**1.** List four factors that likely contributed to the number of workers in the U.S. labor market belonging to unions declining so dramatically since the early 1950s.

Reference:

Explanation: (1) the shift from manufacturing to service industries; (2) the force of globalization increased competition from foreign producers; (3) a reduced desire for unions because of the workplace protection laws now in place; and (4) the U.S. legal environment makes it more difficult for unions to organize workers and expand their membership.

Type: Essay

**2.** Briefly explain the advantage employers have over the single employee.

Reference:

Explanation: Employers have an advantage in bargaining with employees because it’s usually easier for an employer to replace or do without a single employee than it is for an employee to find another job or be unemployed.

Type: Essay

**3.** Briefly describe the function of a labor union.

Reference:

Explanation: A labor union is an organization of workers that counters the advantage held by an employer over a single worker by using collective bargaining on behalf of its group of members to negotiate with their employer over compensation and work conditions.

Type: Essay

**4.** Briefly compare the wage rates and productivity levels of unionized workers and nonunionized workers in the United States.

Reference:

Explanation: Unionized workers in the United States are paid more on average than other workers with comparable education and experience. Unionized workers are also more productive compared to nonunionized workforces.

Type: Essay

**5.** Briefly explain who discrimination occurs in the U.S. labor market.

Reference:

Explanation: Discrimination occurs in the U.S. labor market when workers with the same economic characteristics like education, experience, and skill are paid different amounts because of race, gender, religion, age, or disability status.

Type: Essay

**6.** Briefly discuss the wage gap experienced by women and black workers in the U.S. labor market and note any controversy relating to the extent to which certain factors might explain these circumstances.

Reference:

Explanation: In the U.S. labor market, women workers on average earn less than male workers, and black workers on average earn less than white workers. There is controversy over the extent to which these earnings gaps can be explained by discrimination or by differences in factors like education, job experience, and expertise.

Type: Essay

**7.** Briefly explain how the free market affects discrimination in the U.S. labor market and identify factors that counter these affects.

Reference:

Explanation: Free markets allow discrimination to occur. Enacting and enforcing labor protection laws, as well as the threat of a loss of sales or a loss of productive workers create incentives for a firm not to discriminate.

Type: Essay

**8.** Describe the public policies that can be used in the United States to reduce earnings gaps in its labor market.

Reference:

Explanation: A range of public policies can be used to reduce earnings gaps in the U.S. labor market between men and women or between white and other racial/ethnic groups: requiring equal pay for equal work; attaining more equal educational outcomes; providing greater support for mothers in the workforce; and affirmative action.

Type: Essay

**9.** Contrast recent level of U.S. immigration as measured in absolute numbers and as measured as a share of the population.

Reference:

Explanation: The recent level of U.S. immigration is at a historically high level if measured in absolute numbers, but appears somewhat lower if measured as a share of the population.

Type: Essay

**10.** Briefly explain whether there are overall gains to the U.S. economy from immigration.

Reference:

Explanation: There are real overall gains to the U.S. economy from immigration, but those real gains are relatively small.

Type: Essay