1) If a union seeks to maximize the total wage bill received by its members, then it should negotiate the
A) highest possible wage rate.
B) wage rate at which all of its members are employed.
C) wage rate that maximizes the firm's profits.
D) wage rate at which the elasticity of demand for workers is 1.
E) wage rate at which the elasticity of demand for workers is at its highest.

2) Unions generally call for __________ the barriers against foreign trade, as a way of __________ the elasticity of demand for union labor.
A) lowering; increasing
B) lowering; decreasing
C) raising; increasing
D) raising; decreasing

3) Labor unions generally favor
A) import restrictions.
B) strict immigration laws.
C) increasing the minimum wage.
D) a and c
E) a, b, and c

4) Unions are interested in increasing the productivity of their members because as their productivity rises, the __________ their labor __________ and their wages __________.
A) demand for; falls; rise.
B) demand for; rises; rise.
C) supply of; rises; rise.
D) supply of; falls; rise.

5) A closed shop is an organization
A) that is closed on holidays.
B) in which an employee must belong to the union before he or she can work.
C) that does not require workers to be union members in order to be hired, but does require them to join the union within a certain period of time after becoming employed.
D) set up by the federal government to train ex-convicts to become productive workers.
E) none of the above

6) A union shop is an organization that
A) requires individuals to join a union within a certain period of time after becoming employed.
B) requires individuals to be members of the union before they can be hired.
C) is legal in all fifty states.
D) is set up by labor unions to train new entrants and inform members of jobs in different states.
E) a and c

7) Right-to-work laws
A) say that everyone has the right to work and that it is the responsibility of the government to make available employment opportunities.
B) ensure that employers cannot prevent persons from gaining employment simply because they are members of a union.
C) allow everyone to gain employment at a firm without being a union member but also require that once hired the employee must join the union.
D) make it illegal to require union membership for purposes of employment.

8) If a firm is a monopsony, then it
A) can pay any price it wants for the factors that it hires.
B) will have to pay the same price to each factor owner that supplies its factor.
C) will have to pay a higher price to purchase additional units of a factor.
D) need not lower the price of its product to induce buyers to purchase additional quantities.

9) If a firm is a monopsonist, then it faces
A) a downward sloping demand curve for its product, and its marginal revenue curve will lie below its demand curve.
B) a horizontal marginal factor cost curve.
C) an upward sloping factor supply curve, and its marginal factor cost curve will lie above the factor supply curve.
D) an upward sloping factor supply curve, and its marginal factor cost curve will coincide with the factor supply curve.
E) an upward-sloping factor supply curve, and its marginal factor cost curve will lie below the factor supply curve.

10) If a monopsonist is hiring factors, it will choose to hire that quantity at which
A) MR = MC; equal to labor's MRP
B) the supply curve of labor intersects the demand curve for labor; equal to labor's MRP
C) MRP = MFC; equal to labor's MRP
D) MRP = MFC; less than labor's MRP
E) the supply curve of labor intersects the demand curve for labor; less than MFC
11) The marginal factor cost of labor for a monopsonist is
   A) equal to the wage rate because if the monopsonist wants to hire another
      worker, it can do so at the old wage rate.
   B) less than the wage rate because if the monopsonist wants to hire another
      worker, it has to raise the wage rate paid to all workers.
   C) less than the wage rate because if the monopsonist wants to hire another
      worker, it has to lower the wage rate paid to all workers.
   D) greater than the wage rate because if the monopsonist wants to hire another
      worker, it has to raise the wage rate paid to all workers.

   Exhibit 28-3

12) Refer to Exhibit 28-3. Consider the monopsony setting. In the absence of collective bargaining, what wage rate does the profit-maximizing monopsonist pay?
   A) W1
   B) W2
   C) W3
   D) none of the above

13) Refer to Exhibit 28-3. Consider the monopsony setting. In the absence of collective bargaining, what quantity of labor does the profit-maximizing monopsonist hire?
   A) Q1
   B) Q2
   C) Q3
   D) none of the above

14) Refer to Exhibit 28-3. In the absence of collective bargaining, if the profit-maximizing monopsonist were to pay workers what their services were worth to it, it would pay
   A) W1.

   Exhibit 28-3

15) Research by H. Gregg Lewis shows that over the period 1929-1979,
   A) the average wage of union members was 10 to 15 percent higher than that of comparable nonunion labor.
   B) the average wage of union members was 10 to 15 percent lower than that of comparable nonunion labor.
   C) labor unions increased productivity.
   D) labor unions decreased productivity.
   E) none of the above

16) Labor unions have caused
   A) the fraction of national income that goes to labor (union and nonunion, combined) to increase.
   B) the fraction of national income that goes to labor (union and nonunion, combined) to decrease.
   C) almost no change in the fraction of national income that goes to labor (union and nonunion, combined).
   D) the fraction of national income that goes to profits to rise.

17) "Collective bargaining" refers to
   A) negotiations between labor unions and management about wage rates and other issues.
   B) negotiations among labor unions over jurisdictional control.
   C) negotiations between labor, management, and government over the drafting of labor laws.
   D) b and c
   E) none of the above

   Exhibit 28-4

18) Refer to Exhibit 28-4. If a labor union successfully organizes the labor market and sets the wage rate at W4, the quantity of labor hired will be
   A) Q1.
   B) Q2.
   C) Q3.
   D) Q4.
   E) cannot be determined
19) Refer to Exhibit 28-5. In which of the following cases has the increase in the wage from $W_1$ to $W_2$ been brought about by a prolonged successful training program undertaken by the union for the benefit of its members?

A) (1)
B) (2)
C) (3)
D) none of the above

20) Refer to Exhibit 28-10. If the firm in the exhibit is a monopsony, then the curve represented by the number 1 is its:

A) factor supply curve.
B) marginal factor cost curve.
C) marginal revenue product curve.
D) marginal cost curve.
E) average fixed cost curve.