## Self-Check Questions

[1](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#eip-473-solution).

[Table 14.10](#Table_15_04) shows levels of employment (Labor), the marginal product at each of those levels, and the price at which the firm can sell output in the perfectly competitive market where it operates.

|  |  |  |
| --- | --- | --- |
| Labor | Marginal Product of Labor | Price of the Product |
| 1 | 10 | $4 |
| 2 | 8 | $4 |
| 3 | 7 | $4 |
| 4 | 5 | $4 |
| 5 | 3 | $4 |
| 6 | 1 | $4 |

Table 14.10

1. What is the value of the marginal product at each level of labor?
2. If the firm operates in a perfectly competitive labor market where the going market wage is $12, what is the firm’s profit maximizing level of employment?

[2](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#eip-194-solution).

[Table 14.11](#Table_15_03) shows levels of employment (Labor), the marginal product at each of those levels, and a monopoly’s marginal revenue.

|  |  |  |
| --- | --- | --- |
| Labor | Marginal Product of Labor | Price of the Product |
| 1 | 10 | $10 |
| 2 | 8 | $7 |
| 3 | 7 | $5 |
| 4 | 5 | $4 |
| 5 | 3 | $2 |
| 6 | 1 | $1 |

Table 14.11

1. What is the monopoly’s marginal revenue product at each level of employment?
2. If the monopoly operates in a perfectly competitive labor market where the going market wage is $20, what is the firm’s profit maximizing level of employment?

[3](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#fs-idm107386848-solution).

[Table 14.12](#Table_15_05) shows the quantity demanded and supplied in the labor market for driving city buses in the town of Unionville, where all the bus drivers belong to a union.

|  |  |  |
| --- | --- | --- |
| Wage Per Hour | Quantity of Workers Demanded | Quantity of Workers Supplied |
| $14 | 12,000 | 6,000 |
| $16 | 10,000 | 7,000 |
| $18 | 8,000 | 8,000 |
| $20 | 6,000 | 9,000 |
| $22 | 4,000 | 10,000 |
| $24 | 2,000 | 11,000 |

Table 14.12

1. What would the equilibrium wage and quantity be in this market if no union existed?
2. Assume that the union has enough negotiating power to raise the wage to $4 per hour higher than it would otherwise be. Is there now excess demand or excess supply of labor?

[4](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#fs-idm53747568-solution).

Do unions typically oppose new technology out of a fear that it will reduce the number of union jobs? Why or why not?

[5](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#fs-idm142354720-solution).

Compared with the share of workers in most other high-income countries, is the share of U.S. workers whose wages are determined by union bargaining higher or lower? Why or why not?

[6](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#fs-idp48117792-solution).

Are firms with a high percentage of union employees more likely to go bankrupt because of the higher wages that they pay? Why or why not?

[7](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#fs-idm83279824-solution).

Do countries with a higher percentage of unionized workers usually have less growth in productivity because of strikes and other disruptions caused by the unions? Why or why not?

[8](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#eip-874-solution).

[Table 14.13](#eip-idm1281877968) shows information from the supply curve for labor for a monopsonist, that is, the wage rate required at each level of employment.

|  |  |
| --- | --- |
| Labor | Wage |
| 1 | 1 |
| 2 | 3 |
| 3 | 5 |
| 4 | 7 |
| 5 | 8 |
| 6 | 10 |

Table 14.13

1. What is the monopsonist’s marginal cost of labor at each level of employment?
2. If each unit of labor’s marginal revenue product is $13, what is the firm’s profit maximizing level of employment and wage?

[9](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#eip-258-solution).

Explain in each of the following situations how market forces might give a business an incentive to act in a less discriminatory fashion.

1. A local flower delivery business that had intentionally served only White customers notices that many of the local residents are Black.
2. An assembly line has traditionally only hired men, but it is having a hard time hiring sufficiently qualified workers.
3. A relationship counselor who had a strict policy of only serving straight couples notes the significant increase of LGBTQ people moving into the town.

[10](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#eip-525-solution).

Does the earnings gap between the average wages of females and the average wages of males prove labor market discrimination? Why or why not?

[11](http://openstax.org/books/principles-microeconomics-3e/pages/chapter-14#eip-idm601357264-solution).

If immigration is reduced, what is the impact on the wage for low-skilled labor? Explain.