

Chapter 19

Earnings and Discrimination

Test B

1. Tiger Woods, a famous golfer, earns more than a university professor. The neoclassical theory of labor markets would suggest that
- Although many university professors play golf, it is just a hobby and not a profession.
 - Tiger Woods has received more formal education than a university professor.
 - Tiger Woods and university professors each earn a wage equal to the value they contribute to the economy.
 - Sports are generally considered more important in an economy than education.

ANSWER: c. Tiger Woods and university professors each earn a wage equal to the value they contribute to the economy.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y

2. Which of the following statements is NOT true?
- The wage for difficult jobs exceeds that for easy jobs.
 - The wage for fun jobs exceeds that for dull jobs.
 - The wage for dangerous jobs exceeds that for safe jobs.
 - The wage for skilled jobs exceeds that for unskilled jobs.

ANSWER: b. The wage for fun jobs exceeds that for dull jobs.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y

3. Receptionists generally have low paying jobs because
- receptionist jobs are considered difficult.
 - receptionists are required to have a college degree.
 - receptionist jobs are perceived to be relatively easy.
 - many people perceive the job as having an element of personal satisfaction.

ANSWER: c. receptionist jobs are perceived to be relatively easy.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y

4. A high-rise construction worker is typically paid a higher wage than a carpenter who builds residential housing primarily because
- carpenters are more likely to work a standard day shift where high-rise construction workers generally work at night.
 - carpenter jobs are perceived as fun and easy.
 - high-rise construction jobs are potentially more dangerous than carpenter jobs.
 - high-rise construction jobs require years of training while building residential housing requires no special training.

ANSWER: c. high-rise construction jobs are potentially more dangerous than carpenter jobs.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y

5. If the night-shift workers at a Ford assembly plant make more than the day-shift workers at the same plant, this is because of
- an inefficient labor market in the car industry.
 - a compensating differential.
 - a discriminatory wage practice.
 - a negative externality in this labor market.

ANSWER: b. a compensating differential.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y

NOTE: THE FOLLOWING QUESTION IS REPEATED FROM THE ON-LINE QUIZZES. YOUR STUDENTS MAY HAVE ALREADY SEEN THIS QUESTION AND ITS ANSWER.

6. Human capital
- is a form of economic rent.
 - is a new term economists have devised for robotics technology.
 - claims that employers make hiring decisions solely on the basis of education credentials.
 - is knowledge and skill acquired through education and training.

ANSWER: d. is knowledge and skill acquired through education and training.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

7. The wage difference between jobs that require education and those that don't
- is not likely to be related to productivity differences.
 - encourages workers to bear the cost of acquiring education.
 - is a barrier to obtaining an education.
 - does not affect the supply of workers in the different labor markets.

ANSWER: b. encourages workers to bear the cost of acquiring education.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

NOTE: THE FOLLOWING QUESTION IS REPEATED FROM THE ON-LINE QUIZZES. YOUR STUDENTS MAY HAVE ALREADY SEEN THIS QUESTION AND ITS ANSWER.

8. Skill differences account for some of the differences in wages across occupations because
- high-skilled workers are more pleasant to work with than low-skilled workers.
 - international trade has altered the relative demand for skilled and unskilled labor.
 - there is an inverse relationship between human capital and economic rent.
 - lower skilled workers are suffering from discrimination.

ANSWER: b. international trade has altered the relative demand for skilled and unskilled labor.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

9. Studies have documented that the earnings gap between low-skill workers and high-skill workers has
- increased over the past two decades.
 - not changed as the wages of both groups have steadily increased.
 - remained relatively constant over the past two decades.
 - decreased over the past two decades because of lower college enrollments.

ANSWER: a. increased over the past two decades.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

10. Which of the following would NOT explain the “beauty premium?”
- Beauty is an indirect measure of other types of ability.
 - Physical beauty is associated with a worker’s marginal productivity in every occupation.
 - Good looks are useful in any job in which workers present themselves to the public.
 - Beauty is a type of discrimination.

ANSWER: b. Physical beauty is associated with a worker’s marginal productivity in every occupation.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

11. The human capital view of education is that it
- can reduce job discrimination.
 - enhances productivity.
 - will decrease job mobility.
 - is a signal of natural intelligence or ability.

ANSWER: b. enhances productivity.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

12. The signaling view of education is that it
- alters work ethic.
 - signals natural ability.
 - enhances productivity.
 - always leads to high-wage jobs.

ANSWER: b. signals natural ability.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

13. When differences in average wages occur in a labor market, economists agree that these differences
- occur solely because of differences in productivity between genders and races.
 - do not alone provide conclusive evidence of discrimination.
 - are exclusively an economic, rather than political, phenomenon.
 - provide conclusive evidence of broad patterns of discrimination on the basis of gender and race.

ANSWER: b. do not alone provide conclusive evidence of discrimination.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 5 RANDOM: Y

14. When employers in competitive product markets choose to discriminate when hiring workers, they will
- likely go out of business.
 - have a larger pool of potential employees from which to choose.
 - have an opportunity to drive out competitors and increase market share.
 - realize an increase in economic profit because of the low cost of labor.

ANSWER: a. likely go out of business.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y

15. Factors that affect a worker’s wage but are difficult to measure include
- ability, effort and chance.
 - gender and race.
 - education level, age and job characteristics.
 - years of experience and geographic location.

ANSWER: a. ability, effort and chance.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

16. Streetcar seating that was segregated by race was opposed by firms that ran the streetcars because
- railroad companies were not required to segregate by race.
 - streetcar drivers could not remember who sat where.
 - white passengers complained because they were required to sit in the back of the cars.
 - segregated seating was less profitable than streetcar seating that didn't have restrictions.

ANSWER: d. segregated seating was less profitable than streetcar seating that didn't have restrictions.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y

17. A 1988 study of the professional basketball players' market found that
- sports with strong player associations do not experience wage discrimination.
 - consumer driven wage discrimination between black and white basketball players may exist.
 - the marginal product of basketball players could not be determined since it is a team sport.
 - wage discrimination in basketball may be eliminated with government regulations.

ANSWER: b. consumer driven wage discrimination between black and white basketball players may exist.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y

NOTE: THE FOLLOWING QUESTION IS REPEATED FROM THE ON-LINE QUIZZES. YOUR STUDENTS MAY HAVE ALREADY SEEN THIS QUESTION AND ITS ANSWER.

18. Which of the following is a valid economic criticism of comparable worth?
- There is no employment discrimination in the United States.
 - Comparable worth distorts labor market signals, thereby creating labor surpluses and shortages.
 - Comparable worth may attract males into traditionally female-dominated occupations.
 - Women are less likely than men to be heads of households.

ANSWER: b. Comparable worth distorts labor market signals, thereby creating labor surpluses and shortages.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 7 RANDOM: Y

19. The idea behind signaling in education is that
- education can turn an unproductive person into a productive person.
 - more productive people are more inclined to educate themselves.
 - many college graduates attended college in an attempt to land an "easier" job.
 - most college graduates wouldn't be half as productive if it were not for the years they spend in the classroom.

ANSWER: b. more productive people are more inclined to educate themselves.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

20. The superstar phenomenon occurs in markets
- that can limit the supply of participants in the market so that competition is diminished.
 - that make it possible for the best producer to supply every customer at low cost.
 - where technology is not allowed to assist or improve the natural ability of the superstar.
 - where the ability and effort of market participants are relatively equal.

ANSWER: b. that make it possible for the best producer to supply every customer at low cost.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 4 RANDOM: Y

21. Each of the following tend to create above-equilibrium wages as well as a shortage of jobs EXCEPT
- unions.
 - efficiency wages.
 - education.
 - minimum wage laws.

ANSWER: c. education.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 4 RANDOM: Y

22. Economists are skeptical that discrimination is employer driven because
- employers are profit maximizers.
 - there is a cost advantage for the non-discriminating firm.
 - if there is no difference in productivity, employers choose to hire the cheapest labor available.
 - All of the above are reasons.

ANSWER: d. All of the above are reasons.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y

23. Factors which are likely to have influenced the declining gender wage gap include each of the following EXCEPT:
- Women are gaining more continuous work experience.
 - Women are delaying marriage.
 - Women are working jobs that have more favorable working conditions.
 - Fertility rates have fallen.

ANSWER: c. Women are working jobs that have more favorable working conditions.

TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y

24. Wage differences that exist between well-educated workers and less-educated workers can be thought of as
- unfair by most economists.
 - another form of discrimination in the labor market.
 - a compensating differential for the cost of becoming educated.
 - difficult to explain in a market economy.

ANSWER: c. a compensating differential for the cost of becoming educated.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

25. A natural experiment which allows economists to examine the effect of education on wages and productivity exists because of
- minimum wage laws.
 - government-subsidized higher education.
 - anti-discrimination legislation.
 - differences in state laws for school attendance.

ANSWER: d. differences in state laws for school attendance.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

- 1 ANSWER: c. Tiger Woods and university professors each earn a wage equal to the value they contribute to the economy.

TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y

- 2 ANSWER: b. The wage for fun jobs exceeds that for dull jobs.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y
- 3 ANSWER: c. receptionist jobs are perceived to be relatively easy.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y
- 4 ANSWER: c. high-rise construction jobs are potentially more dangerous than carpenter jobs.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y
- 5 ANSWER: b. a compensating differential.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 1 RANDOM: Y
- 6 ANSWER: d. is knowledge and skill acquired through education and training.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 7 ANSWER: b. encourages workers to bear the cost of acquiring education.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 8 ANSWER: b. international trade has altered the relative demand for skilled and unskilled labor.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 9 ANSWER: a. increased over the past two decades.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 10 ANSWER: b. Physical beauty is associated with a worker's marginal productivity in every occupation.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 11 ANSWER: b. enhances productivity.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 12 ANSWER: b. signals natural ability.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 13 ANSWER: b. do not alone provide conclusive evidence of discrimination.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 5 RANDOM: Y

- 14 ANSWER: a. likely go out of business.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y
- 15 ANSWER: a. ability, effort and chance.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 16 ANSWER: d. segregated seating was less profitable than streetcar seating that didn't have restrictions.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y
- 17 ANSWER: b. consumer driven wage discrimination between black and white basketball players may exist.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y
- 18 ANSWER: b. Comparable worth distorts labor market signals, thereby creating labor surpluses and shortages.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 7 RANDOM: Y
- 19 ANSWER: b. more productive people are more inclined to educate themselves.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y
- 20 ANSWER: b. that make it possible for the best producer to supply every customer at low cost.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 4 RANDOM: Y
- 21 ANSWER: c. education.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 4 RANDOM: Y
- 22 ANSWER: d. All of the above are reasons.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y
- 23 ANSWER: c. Women are working jobs that have more favorable working conditions.
TYPE: M KEY1:D SECTION:2 OBJECTIVE: 6 RANDOM: Y
- 24 ANSWER: c. a compensating differential for the cost of becoming educated.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y

25 ANSWER: d. differences in state laws for school attendance.
TYPE: M KEY1:D SECTION:1 OBJECTIVE: 2 RANDOM: Y