

Chapter 29

Unions and Labor Market Monopoly Power

29.1 Industrialization and Labor Unions

- 1) The earliest unions in the United States were

A) industrial unions. B) craft unions.
C) public-sector unions. D) military unions.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 2) Labor unions composed of workers who engage in a particular trade or skill, such as carpentry, are called

A) craft unions. B) industrial unions.
C) collective unions. D) closed unions.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 3) Labor unions that consist of workers from a particular industry, such as automobile manufacturing, are called

A) craft unions. B) industrial unions.
C) collective unions. D) closed unions.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 4) A business enterprise in which employees must belong to the union before they can be hired is called a(n)

A) craft union. B) industrial union.
C) closed shop. D) union shop.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 5) Which of the following correctly describes the trend in U.S. union membership?
- A) Union membership has been decreasing steadily since the 1930s.
 - B) Union membership decreased from 1930 – 1960, but has been increasing steadily since.
 - C) Union membership peaked in the 1960s and has been decreasing steadily since.
 - D) Union membership declined until the 1980s, but has been increasing steadily since.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 6) Which of the following is the largest union in the United States?
- A) International Brotherhood of Teamsters
 - B) International Brotherhood of Electrical Workers
 - C) National Education Association
 - D) American Federation of State, County, and Municipal Employees

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 7) Workers in the United States were granted the legal right to engage in collective bargaining by the
- A) National Labor Relations Act.
 - B) Taft-Hartley Act.
 - C) Landrum-Griffin Act.
 - D) Knights of Labor Act.

Answer: A

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 8) Collective bargaining refers to
- A) negotiations between workers and health officials.
 - B) negotiations between management of a company and a labor union.
 - C) farming methods in Marxist states.
 - D) the process of electing union leaders.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 9) Which of the following is a correct statement about unions in the United States?
- A) The trend away from manufacturing and the deregulation of certain industries has promoted unionization of the U.S. workforce.
 - B) Half of the top ten U.S. unions now have members who work in service and government occupations.
 - C) Since the 1960s, there has been a gradual increase in the proportion of U.S. workers who are members of unions.
 - D) Half of all U.S. workers are union members.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 10) The United Auto Workers is an example of
- A) a public-sector union.
 - B) a craft union.
 - C) an industrial union.
 - D) a socialist union.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 11) Which of the following types of unions did the CIO promote?
- A) Craft unions
 - B) Public sector unions
 - C) Industrial unions
 - D) Military unions

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 12) The United Steel Workers Union is an example of
- A) a craft union.
 - B) an auto union.
 - C) an industrial union.
 - D) a blue collar union.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 13) The AFL and CIO merged because it was thought that
- A) organized labor would grow faster as a result.
 - B) union pension funds would shrink as a result.
 - C) strikes could be averted.
 - D) managers would be more sympathetic to unions.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 14) When workers boycott a company because it does business with a firm whose employees are on strike, that is a
- A) secondary boycott.
 - B) primary boycott.
 - C) strike.
 - D) sympathy strike.

Answer: A

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 15) If a firm is a union shop, then
- A) a worker may elect to either join or not join the union.
 - B) only workers who have been union members for two years may be employed.
 - C) only union members may be employed by the firm.
 - D) a non-union worker may be hired but must join the union within a certain time period.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 16) A right-to-work law makes it illegal for
- A) employers to refuse to hire union workers.
 - B) union membership to be a requirement for continued employment in any establishment.
 - C) union membership to be denied on the basis of race, gender, or national origin.
 - D) a union to exist in a state.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 17) A closed shop is a business enterprise in which
- A) employees cannot belong to a union when they are employed, and cannot join a union and keep working there.
 - B) employees must join the union to maintain employment.
 - C) employees must belong to the union before they can be employed.
 - D) employees cannot belong to the union when they are hired, but may join the union later and keep their jobs.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 18) Laws that make it illegal to require union membership as a condition of continuing employment in a firm are
- A) union shop laws.
 - B) right-to-work laws.
 - C) closed-shop laws.
 - D) jurisdictional laws.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 19) A legal arrangement whereby a firm can hire only union labor is called
A) a union shop. B) a closed shop. C) a sweat shop. D) an open shop.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 20) The type of labor agreement that requires workers to be union members prior to being considered for employment is a
A) right-to-work agreement. B) closed-shop agreement.
C) union shop agreement. D) open-shop agreement.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 21) A company can hire non-union workers, but a condition of their employment is that they must join the union within their first 90 days on the job. This is an example of a
A) right-to-work law. B) closed-shop.
C) union shop. D) voluntary craft union.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 22) The percentage of U.S. workers in the private sector who belong to unions is currently
A) greater than 50 percent. B) approximately 20 percent.
C) approximately 12 percent. D) approximately 8 percent.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Revised

- 23) Which piece of legislation allowed states to pass right-to-work laws?
A) Wagner Act B) Landrum-Griffin Act
C) Taft-Hartley Act D) National Industrial Recovery Act

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 24) A state with "right-to-work" laws would most likely have
- A) higher employment levels than neighboring states without such laws.
 - B) more workers' benefits than neighboring states without such laws.
 - C) more union workers than neighboring states without such laws.
 - D) more worker safety requirements than neighboring states without such laws.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 25) The Taft-Hartley Act of 1947 outlawed
- A) strikes.
 - B) make-work rules and forcing unwilling workers to join a union.
 - C) right-to-work states.
 - D) none of the above.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 26) A boycott of products sold by companies that are dealing with a company whose workers are on strike is a
- A) jurisdictional dispute.
 - B) sympathy strike.
 - C) right-to-boycott law.
 - D) secondary boycott.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 27) A closed shop is one in which
- A) a union is prohibited.
 - B) some members belong to the union while others do not.
 - C) belonging to a union is a condition of employment.
 - D) the union is a co-manager of the day-to-day operations of the firm.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 28) The Taft-Hartley Act
- A) permits states to outlaw unions.
 - B) permits states to pass right-to-work laws.
 - C) encourages unions to engage in sympathy strikes.
 - D) encourages unions to engage in secondary boycotts.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

29) A right-to-work state is one in which

- A) unions are illegal.
- B) there is guaranteed employment for all citizens.
- C) the union shop is prohibited.
- D) the closed shop is permitted.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

30) A union is striking a steel company, and then, to put more pressure on the steel company, also promotes a boycott against an auto company that buys steel from the steel company. This latter action is

- A) a sympathy strike, and is illegal under the Taft-Hartley Act.
- B) a secondary boycott, and is legal under the Landrum-Griffin Act.
- C) a secondary boycott, and is illegal under the Taft-Hartley Act.
- D) a sympathy strike, and is legal under the Wagner Act.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

31) The president of the United States can obtain a court injunction that will stop a strike for an 80-day "cooling-off" period if the strike is expected to imperil national safety or health. This power is granted in the

- | | |
|--------------------------------------|-------------------------|
| A) Wagner Act. | B) Landrum-Griffin Act. |
| C) National Industrial Recovery Act. | D) Taft-Hartley Act. |

Answer: D

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

32) Which of the following is legal under the Taft-Hartley Act?

- | | |
|-----------------------|--------------------------|
| A) Closed shops | B) Collective bargaining |
| C) Secondary boycotts | D) Sympathy strikes |

Answer: B

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 33) Union membership, in terms of percentage of the U.S. civilian labor force,
 A) has increased steadily since the passage of the Wagner Act.
 B) peaked about 1960 and has since declined.
 C) was over 50 percent in 1987.
 D) has increased dramatically since 1970.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 34) Deregulation has contributed to
 A) an increase in union membership.
 B) declines in union membership.
 C) higher wages in unions.
 D) an increase in union power.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 35) According to the text, private sector union membership has fallen to
 A) about 8 percent of the private-sector labor force.
 B) zero.
 C) about 25 percent of all U.S. workers.
 D) about 12 percent of the entire workforce.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Revised

- 36) Collective bargaining in the United States typically involves negotiations between
 A) the government and management over the minimum wage law.
 B) the management of a company and the leaders of the union over the wages and fringe benefits to be offered.
 C) an individual and her boss over the appropriate salary level.
 D) union and nonunion employees regarding work rules.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 37) Which of these nations has the highest rate of union membership (as a share of total employment)?
 A) India
 B) The United States
 C) Japan
 D) Sweden

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 38) For the past several decades, union membership in the United States has been declining. What has been happening in the rest of the world?
- A) Union membership has been increasing in almost every other country.
 - B) In almost every other nation, union membership has held constant.
 - C) In most cases, union membership in other nations has also been falling.
 - D) We do not know because other nations do not keep these statistics.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 39) A craft labor union is made up of
- A) groups of workers in an individual trade.
 - B) all the workers in a firm such as General Motors.
 - C) firms that employ similar labor skills.
 - D) an organization that controls the labor market in a particular industry.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 40) The first labor unions in the United States were
- A) public-sector unions.
 - B) industrial unions.
 - C) guilds.
 - D) craft unions.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 41) Labor unions are organizations that
- A) try to secure more opportunities for more workers in the economy.
 - B) try to secure economic improvements for all workers.
 - C) try to secure economic improvements for their members.
 - D) try to make labor markets more competitive.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 42) A primary objective of labor unions is to
- A) secure equal pay for its members.
 - B) have equal power with their employer.
 - C) seek better pay and improved work conditions.
 - D) all of the above
 - E) none of the above

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

43) A labor union is likely to seek all of the following EXCEPT

- A) economic improvements for their members.
- B) safer working conditions.
- C) increased competitiveness in the labor market.
- D) increased job security for its members.

Answer: C

Diff: 3

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

44) Negotiations between the management of a company and the management of a union for the purpose of setting a mutually agreeable contract on wages, fringe benefits and working conditions for all employees in a union is know as

- A) a closed shop.
- B) a union shop.
- C) collective bargaining.
- D) an industrial union.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

45) Bargaining between the management of a company and the management of a union is

- A) a closed shop.
- B) a bilateral monopoly.
- C) a craft union.
- D) collective bargaining.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

46) The Knights of Labor was

- A) a craft union that tried to restrict immigration into the United States.
- B) an organization of skilled labor that tried to increase technical training after the German model.
- C) an organization of both unskilled and skilled workers that pushed for an eight-hour workday and equal pay for men and women.
- D) an industrial union composed of military personnel that tried to improve military life.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

47) Samuel Gompers served as the first leader of the

- A) Knights of Labor.
- B) American Federation of Labor.
- C) Congress of Industrial Organizations.
- D) United Steel Workers.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 48) Prior to World War I, the U.S. government's attitude towards labor unions was one of
- A) indifference.
 - B) support.
 - C) hostility.
 - D) support, except when it came to unions of public employees.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 49) An industrial union is
- A) a union composed of public employees.
 - B) a union composed of workers who are in a specific geographic area.
 - C) a union composed of workers who are employed in a particular industry.
 - D) a union composed of workers who engage in a particular trade or skill.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 50) A labor union that consists of workers from a particular industry is a(n)
- A) closed shop.
 - B) industrial union.
 - C) union shop.
 - D) bilateral monopoly.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 51) The CIO was formed as a(n)
- A) closed shop.
 - B) association of industrial unions.
 - C) union shop.
 - D) bilateral monopoly.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 52) The United Steelworkers is an example of a(n)
- A) craft union.
 - B) industrial union.
 - C) public-sector union.
 - D) guild.

Answer: B

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 53) The Service Employees International Union is an example of a(n)
 A) guild. B) craft union.
 C) industrial union. D) public-sector union.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: New

- 54) The American Federation of State, County, Government and Municipal Employees is an example of a(n)
 A) guild. B) craft union.
 C) industrial union. D) public-sector union.

Answer: D

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: New

- 55) The Wagner Act
 A) permitted unions to engage in collective bargaining.
 B) permitted states to pass right-to-work laws.
 C) restricted activities of heads of unions that were not beneficial to union members.
 D) mandates compulsory arbitration in some key industries.

Answer: A

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 56) The CIO was founded by
 A) Samuel Gompers. B) Jimmy Hoffa.
 C) John L. Lewis. D) George Meany.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 57) A business enterprise in which employees must belong to the union before they can be hired is
 A) a closed shop. B) a union shop.
 C) a jurisdictional dispute. D) an industrial union.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

58) The United Auto Worker (UAW) would best be classified as

- A) a craft union.
- B) an industrial union.
- C) a guild.
- D) closed shop union.
- E) none of the above

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

59) A closed shop is a

- A) strike by a union in sympathy with another union's strike or cause.
- B) dispute involving two or more unions over which should have control of a particular jurisdiction.
- C) business enterprise in which employees must belong to the union before they can be hired and must remain in the union after they are hired.
- D) legal environment in which businesses may hire nonunion members conditional on their joining the union by some specified date after employment begins.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

60) A business enterprise that allows the hiring of nonunion members conditional on their joining the union is

- | | |
|------------------------------|-------------------------|
| A) a closed shop. | B) a union shop. |
| C) a jurisdictional dispute. | D) an industrial union. |

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

61) A union shop is a

- A) strike by a union in sympathy with another union's strike or cause.
- B) dispute involving two or more unions over which should have control of a particular jurisdiction.
- C) business enterprise in which employees must belong to the union before they can be hired and must remain in the union after they are hired.
- D) business which may hire nonunion members conditional on their joining the union by some specified date after employment begins.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 62) A disagreement involving two or more unions over which should have control over a particular firm or industry is
- A) a closed shop.
 - B) a union shop.
 - C) a jurisdictional dispute.
 - D) an industrial union.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 63) A jurisdictional dispute is a
- A) strike by a union in sympathy with another union's strike or cause.
 - B) dispute involving two or more unions over which should have control of a particular jurisdiction.
 - C) business enterprise in which employees must belong to the union before they can be hired and must remain in the union after they are hired.
 - D) legal environment in which businesses may hire nonunion members conditional on their joining the union by some specified date after employment begins.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 64) The employees of Ajax cookies are on strike. Jane has decided not to shop at any store that is still selling Ajax cookies. This is known as
- A) a closed shop.
 - B) a union shop.
 - C) a sympathy strike.
 - D) a secondary boycott.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 65) The welders' union at Ajax is on strike. The maintenance union has decided to walk out in support of the welders' union. This is known as
- A) a closed shop.
 - B) a union shop.
 - C) a sympathy strike.
 - D) a secondary boycott.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 66) A right-to-work law makes it illegal
- A) to prevent union members from working in any firm.
 - B) to fire a worker who has joined a union or who tries to organize a union at any firm.
 - C) to inquire whether a prospective employee is a member of a union or not.
 - D) for union membership to be a requirement for continued employment in any firm.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 67) Legislation that makes it illegal to require union membership as a condition of continuing employment is the
- A) National Labor Relations Act.
 - B) Wagner Act.
 - C) Congress of Industrial Organizations.
 - D) collection of right-to-work laws.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 68) The Taft-Hartley Act made all of the following illegal EXCEPT
- A) jurisdictional disputes.
 - B) the Congress of Industrial Organizations.
 - C) make-to-work laws.
 - D) closed shops.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 69) The Taft-Hartley Act of 1947 made
- A) union shops illegal.
 - B) closed shops illegal.
 - C) sympathy strikes legal.
 - D) secondary boycotts legal.

Answer: B

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 70) The United Auto Workers is striking against Ford. The Teamsters refuse to deliver steel to Ford. This is an example of
- A) a jurisdictional dispute and is illegal under the Taft-Hartley Act.
 - B) a secondary boycott and is illegal under the Taft-Hartley Act.
 - C) a sympathy strike and is illegal under the Taft-Hartley Act.
 - D) a closed shop and is illegal under the Wagner Act.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 71) Which statement concerning powers granted the President of the United States by the Taft–Hartley Act is true?
- A) The President can obtain an injunction that will stop a strike, if the strike involves government workers only.
 - B) The President can require management to negotiate with a union and if the firm's management refuses, the President can appoint an arbitrator to resolve the conflict.
 - C) The President can obtain an injunction that will stop a strike for an eighty–day "cooling off" period if the strike is expected to imperil national safety or health.
 - D) The President can obtain an injunction that will stop a strike indefinitely.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 72) Since the 1970s, union membership in the U.S. has been
- A) rising.
 - B) remaining constant.
 - C) declining.
 - D) erratic.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 73) Which of the following has been the largest organized group of U.S. unions during the past 50 years?
- A) AFL–CIO
 - B) AFL
 - C) CIO
 - D) Change to Win

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 74) In 2005, which union organization was formed out of the AFL –CIO membership?
- A) National Brotherhood of Teamsters
 - B) Service Employees International Union
 - C) American Federation of Workers
 - D) Change to Win

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 75) Recently, two construction industry unions also left the AFL–CIO and joined with ironworkers and bricklayers unions to form
- A) the National Brotherhood of Teamsters.
 - B) the National Construction Alliance.
 - C) the American Federation of Workers.
 - D) Change to Win.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: New

76) Which of the following is NOT one of the reasons for declining union membership in the United States?

- A) The economy has shifted away from manufacturing.
- B) The AFL–CIO merger and creation of the Change to Win Federation reduced competition among unions.
- C) Some industries have been deregulated.
- D) Labor force participation by women has increased.

Answer: B

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

77) Which of the following is one of the reasons for declining union membership in the United States?

- A) Much of the unskilled, nonunionized work in the United States is done by immigrant workers who are undocumented.
- B) The AFL–CIO merger and creation of the Change to Win Federation reduced competition among unions.
- C) The repeal of the Taft–Hartley Act.
- D) Labor force participation by women has decreased.

Answer: A

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: New

78) The U.S. labor movement started

- A) with local craft unions composed of workers who engaged in a particular trade or skill, such as baking, carpentry or plumbing.
- B) during the Civil War.
- C) after World War I.
- D) with the Knights of Labor, an organized group of both skilled and unskilled workers.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

79) The U.S. labor movement started with

- A) aerospace workers unions.
- B) industrial unions.
- C) craft unions.
- D) depression unions.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

80) The American Federation of Labor was formed in 1886 as a dissident group from the

- | | |
|----------------------|-------------------------|
| A) Knights of Labor. | B) Knights of Pythias. |
| C) Masonic Lodge. | D) Knights of Columbus. |

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

81) The founder of the American Federation of Labor was

- | | |
|--------------------|--------------------|
| A) John L. Lewis. | B) Samuel Gompers. |
| C) Walter Reuther. | D) Ralph Nader. |

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

82) The other name for the National Labor Relations Act of 1935 is

- | | |
|---------------------|--------------------------|
| A) the Wagner Act. | B) the Taft–Hartley Act. |
| C) the Clayton Act. | D) the Wheeler–Lea Act. |

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

83) The Congress of Industrial Organizations (CIO) was formed in 1938 by

- | | |
|--------------------|--------------------|
| A) John L. Lewis. | B) Samuel Gompers. |
| C) Walter Reuther. | D) Ralph Nader. |

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

84) Which of the following laws made "closed shops" unlawful?

- | | |
|---------------------------------|-------------------------------------|
| A) Taft–Hartley Act | B) National Industrial Recovery Act |
| C) National Labor Relations Act | D) Railway Workers Act |

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

85) Which of the following type of shops is unlawful under the provisions of the Taft–Hartley Act?

- | | |
|-------------------------|-----------------|
| A) union shops | B) closed shops |
| C) modified union shops | D) open shops |

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 86) Laws that outlaw union shops and which may be passed (or not) by individual states are called
- A) Smoot-Hawley laws.
 - B) pro-scab laws.
 - C) free-rider laws.
 - D) right-to-work laws.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 87) The first type of labor unions that emerged in the United States were
- A) industrial unions.
 - B) craft unions.
 - C) professional unions.
 - D) transportation unions.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 88) If you get a job and are required to join the union within a month, this is known as a(n)
- A) closed shop.
 - B) open shop.
 - C) agency shop.
 - D) union shop.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 89) If you get a job and are never required to join the union, this is known as a(n)
- A) closed shop.
 - B) open shop.
 - C) agency shop.
 - D) union shop.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 90) If you want to become an actor, and you must join the Screen Actors Guild after your first job, the Screen Actors Guild is a(n)
- A) closed shop.
 - B) open shop.
 - C) agency shop.
 - D) union shop.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 91) The National Labor Relations Act (Wagner Act)
- A) prohibited the creation of company unions.
 - B) guaranteed workers the right to organize.
 - C) set the minimum wage at \$5.15 an hour.
 - D) set the length of the workweek at 40 hours.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 92) Which type of collective bargaining agreement requires workers to be union members prior to being considered for employment?

A) right-to-work B) union shop C) open shop D) closed shop

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 93) A jurisdictional dispute means that

A) members of a union disagree on the outcome of union elections.
 B) a higher court reversed the decision of a lower court in a case brought by a union.
 C) a union leadership and membership cannot agree on an issue.
 D) two unions disagree on which should represent workers in a particular industry.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 94) A secondary boycott is

A) illegal according to the Taft-Hartley Act.
 B) a legal way to support striking workers.
 C) illegal according to the Wagner Act.
 D) legal according to the Sherman Act.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 95) A labor union composed of workers in the same occupation is called

A) a craft union. B) an industrial union.
 C) a company union. D) a closed shop.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 96) Craft unions exert market control by

A) limiting the demand for labor. B) limiting the supply of labor.
 C) setting minimum wages. D) setting maximum wages.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 97) A labor union composed of workers in the same industry is called
- A) a craft union.
 - B) an industrial union.
 - C) a company shop.
 - D) a guild.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 98) The Taft-Hartley Act outlawed all of the following practices EXCEPT
- A) secondary boycotts.
 - B) union shops.
 - C) closed shops.
 - D) sympathy strikes.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 99) A plumbers' union is an example of
- A) an industrial union.
 - B) a craft union.
 - C) skilled workers union.
 - D) auxiliary union.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 100) A union of all workers from a particular industry is a(n)
- A) craft union.
 - B) conglomerate union.
 - C) industrial union.
 - D) expansive union.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 101) A situation in which union membership is required before a person can be hired is a
- A) closed shop.
 - B) union shop.
 - C) agency shop.
 - D) restricted shop.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 102) The 1935 Act granting workers the right to form unions and bargain collectively is known as
- A) the National Labor Relations Act or Wagner Act.
 - B) the Wheeler Act.
 - C) the Taft-Hartley Act.
 - D) the Modernization Act.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 103) A situation in which a worker can be hired without being in a union but has to join a union after a specified period of time is a
- A) closed shop.
 - B) union shop.
 - C) open shop.
 - D) restricted shop.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 104) A right-to-work law is
- A) a federal law making the closed shop illegal.
 - B) a federal law making the union shop illegal.
 - C) a state law making the union shop illegal.
 - D) a state law making the open shop illegal.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 105) Suppose that under its collective bargaining agreement the XYZ Corp. can hire nonunion workers, but these workers must join the union within 60 days. This agreement is an example of
- A) an open shop.
 - B) a closed shop.
 - C) a company union.
 - D) a union shop.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 106) Right-to-work laws
- A) make it illegal to require union membership as a condition of continuing employment in a particular firm.
 - B) make it illegal to require a union member to work abroad.
 - C) make it illegal for a state to pass any laws regarding union membership.
 - D) make a closed shop arrangement a legal condition that allows employees to obtain a particular job.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

107) Suppose that under its collective bargaining agreement, the XYZ Co. can only hire union members in good standing at the time of hiring. XYZ Co. is

- A) a union shop.
- B) a closed shop.
- C) an open shop.
- D) a company union.

Answer: B

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

108) Which of the following is FALSE regarding unions?

- A) The American Federation of Labor (AFL), composed of craft unions, was formed in 1886 under the leadership of Samuel Gompers.
- B) For a period after World War I the government temporarily stopped protecting labor's right to organize.
- C) During the Great Depression, legislation was passed that made collective bargaining illegal.
- D) The AFL and the CIO merged in 1955.

Answer: C

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

109) State right-to-work laws

- A) prohibit discrimination in hiring.
- B) force companies to submit to Equal Employment Opportunities Commission arbitration in disputes.
- C) encourage companies to hire minorities.
- D) make compulsory union membership illegal.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

110) All of the following are true regarding the current status of labor unions EXCEPT

- A) organized labor's heyday occurred from the 1940s through the 1970s.
- B) part of the explanation for the decline in union membership has to do with the shift away from manufacturing.
- C) the deregulation of certain industries has also contributed to a decline in unionism.
- D) recent labor laws have diminished worker's rights.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 111) Currently about what percentage of the civilian labor force is unionized in the United States?
 A) 6 percent B) 12 percent C) 30 percent D) 70 percent

Answer: B

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 112) What time period in U.S. history do we generally recognize as the "heyday" of labor union membership?
 A) 1900s–1920s B) 1920s–1940s C) 1940s–1970s D) 1970s–2000s

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 113) Which of the following is NOT correct regarding the status of U.S. labor unions?
 A) Today fewer than one in eight workers is a union member.
 B) A key reason for the decline in union membership is the relative decline in manufacturing jobs as a share of total employment.
 C) Greater domestic and global competition has had a part in bringing about a decline in unions.
 D) Global trade has increased the number of union members in the United States.

Answer: D

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 114) A work stoppage by a union in solidarity with another union's cause is known as a
 A) secondary boycott. B) sympathy strike.
 C) jurisdictional dispute. D) primary boycott.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Previous Edition

- 115) Since the 1960s, the share of the labor force that is unionized in the United States has
 A) increased except for the government sector.
 B) increased.
 C) declined.
 D) declined except in the private sector.

Answer: C

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

116) The largest labor union in the United States is the

- A) National Education Association.
- B) International Brotherhood of Teamsters.
- C) United Food and Commercial Workers International Union.
- D) Service Employees International Union.

Answer: A

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

117) Collective bargaining

- A) has nothing to do with fringe benefits.
- B) is bargaining between unions and management.
- C) is illegal in many states.
- D) is practiced in non-union related disputes.

Answer: B

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

Question Status: Revised

118) Distinguish between craft unions and industrial unions.

Answer: Craft unions are composed of workers who engage in a particular trade or skill such as carpentry and plumbing, and industrial unions are composed of workers from a particular industry such as autos or steel.

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

119) Discuss the significant laws passed since the Great Depression that affect labor-management relations.

Answer: The Taft-Hartley Act of 1947 allowed states to pass right-to-work laws and gave the president power to obtain an injunction that will stop a strike for an 80-day cooling-off period. It also made closed shops illegal, as well as jurisdictional disputes, sympathy strikes and secondary boycotts. A jurisdictional dispute involves two or more unions striking over which should have control. A sympathy strike is when one union strikes in sympathy with another union. A secondary boycott is a boycott of products sold by companies that are dealing with a company being struck.

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

120) Distinguish between a closed shop and a union shop. Are either or both shops legal? Explain.

Answer: A closed shop is a situation in which a person must belong to the union before they can be hired while a union shop is one in which a nonunion worker must join the union after beginning employment. Closed shops are illegal in the United States, and union shops are illegal in states that have right-to-work laws.

Diff: 2

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

121) What was the overall trend of U.S. union membership beginning the 1960s? What was the main reason behind that trend?

Answer: Since the 1960s, union membership in the United States has declined as a percentage of the labor force, reaching about 12 percent today. The absolute number of union members has also declined recently. The main reason for the decline in union membership is the decline in manufacturing employment, which has traditionally accounted for a large share of total union membership.

Diff: 1

Topic: 29.1 Industrialization and Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

29.2 Union Goals and Strategies

- 1) The impact of a strike is limited to the ability of the union to
 - A) prevent replacement workers from continuing their work.
 - B) lower its wage demands of non-union members.
 - C) control the pension fund.
 - D) none of the above.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 2) Which of the following would increase the demand for union labor?
 - A) Increasing worker productivity
 - B) Increasing the demand for union made goods
 - C) Decreasing the demand for non-union-manufactured goods
 - D) All of the above

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 3) The most powerful tool unions have at their disposal when bargaining with management is
- A) the Taft-Hartley Act.
 - B) the ability to strike.
 - C) the secondary boycott.
 - D) the power of pure competition.

Answer: B

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 4) If a union succeeds in forcing employers in a perfectly competitive product market to increase wages above the equilibrium level, then the level of unemployment
- A) will increase.
 - B) will remain constant.
 - C) will decrease.
 - D) may increase or decrease.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 5) One method unions use to ration available jobs among excess workers is
- A) lengthy apprenticeships.
 - B) to hire only white collar workers.
 - C) collective bargaining.
 - D) refuse to unionize.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 6) Unions face a trade-off between higher wages and
- A) fewer available positions.
 - B) more available positions.
 - C) equipment.
 - D) none of the above.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 7) If a union negotiates and obtains a wage rate above the competitive wage rate,
- A) it must find a way to make workers more productive.
 - B) employment in the union sector will increase relative to employment in the nonunion sector.
 - C) it must find a way to ration jobs among the excessive number of workers who wish to work in the union sector.
 - D) unemployment will increase in the nonunion sector relative to the union sector.

Answer: C

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 8) If a union establishes by collective bargaining a wage rate that is above a competitive market equilibrium wage rate, then
- A) an excess quantity of labor will be supplied.
 - B) a shortage of labor will result.
 - C) there will be an increase in total employment.
 - D) management will want to substitute labor for machinery.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 9) If a union sets the wage rate to maximize the total wage receipts of its members, the price elasticity of demand for labor would be
- A) zero.
 - B) numerically equal to 1.
 - C) finite, but greater than -1.
 - D) positive, but less than 1.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 10) If a union sets the wage rate to maximize the total wage receipts of its members, the marginal revenue would be
- A) zero.
 - B) negative.
 - C) positive, but greater than 1.
 - D) positive, but less than 1.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: New

- 11) A union can induce a rise in equilibrium wages in a unionized industry by
- A) not striking.
 - B) successfully increasing the demand for union labor.
 - C) successfully decreasing the demand for union labor.
 - D) reducing the marginal revenue product of firms employing union labor.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 12) When a group of workers forms a union, they introduce an element of
- A) pure competition into the labor market.
 - B) monopoly into the labor market.
 - C) monopoly into the product market.
 - D) monopsony into the product market.

Answer: B

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 13) If a union succeeds in increasing the wage rate by restricting labor supply, then
- A) all of its members will be better off.
 - B) some members may lose their jobs.
 - C) all of its members will be worse off.
 - D) more of its members will be employed.

Answer: B

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 14) If a union wishes to maximize the number of union members employed, it will
- A) accept the competitive wage.
 - B) set a wage below the competitive wage.
 - C) set a wage where the elasticity of demand for labor equals one.
 - D) set a wage above the competitive wage.

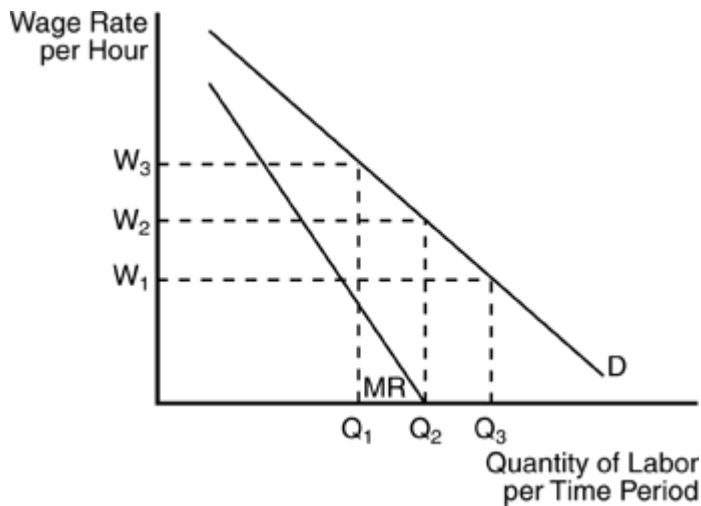
Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition



- 15) Consider the above figure, which displays the situation faced by a union employed by a firm with the labor demand curve D . This union has total membership of Q_3 workers, but its single wage setting goal is to maximize wages for the Q_1 members with the most seniority. If the union managers accomplish this goal, what occurs?
- A) All of the union members will be employed at the wage rate W_3 .
 - B) All of the union members will be employed at the wage rate W_1 .
 - C) The senior members of the union will receive a wage equal to W_3 , but Q_3 union members will be unemployed.
 - D) The select group of senior union members will have work and receive a wage of W_3 , but $Q_3 - Q_1$ union members will not be employed by the firm.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 16) In the above figure, if the union has Q_2 members and wants to ensure that all members have jobs, it will set wage equal to
- A) W_1 .
 - B) W_2 .
 - C) W_3 .
 - D) none of the above.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 17) Look at the above figure. A union wishes to maximize wage income for employed union members, so it should aim for a wage rate _____ and a number of employed members equal to

A) W_1, Q_3 B) W_2, Q_2 C) W_3, Q_1 D) W_4, Q_3

Answer: B

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 18) When unions raise wages beyond what productivity increases would permit,

A) more union workers are employed.
 B) there are higher wages for all union members.
 C) there is a redistribution of income from low- to high-seniority workers.
 D) nonunion workers wages in the economy also increase.

Answer: C

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 19) If a union limits its size to the number of employed members it had when the union was first formed, over time there will be

A) an increase in the supply of union labor.
 B) falling wages as demand for workers increases.
 C) rising wages as demand for workers increases and the supply increases proportionally.
 D) rising wages as demand for workers increases but some potential workers are denied a place in the union.

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 20) A tariff on imported goods produced by an unlimited industry could benefit the members of the domestic union since the tariff would most likely

A) lower the price of the output that workers purchase.
 B) lower the domestic production of the good and increase wages.
 C) increase the demand for domestic, union-made goods.
 D) decrease the cost of the imported goods.

Answer: C

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Dynamics of the global economy

Question Status: Previous Edition

- 21) Methods that are sometimes used by unions to increase wages of union workers include
- I. advertising to increase the demand for union-made goods.
 - II. campaigning against imports.
- A) I only B) II only C) Both I and II D) Neither I nor II

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 22) Unions can increase labor productivity by
- A) maximizing the number of workers in the union.
 - B) reducing the supply of workers over time.
 - C) reducing conflicts between workers and management.
 - D) reducing the quantity of poorly made imports into the country.

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 23) A union-sponsored television campaign urging U.S. consumers to "Look for the union label" is designed to
- A) increase the productivity of union labor.
 - B) increase the derived demand for union labor by shifting consumer preferences in favor of union-made goods.
 - C) raise wages by restricting the supply of union workers.
 - D) remind consumers that if they do not buy union-made goods, unions will strike.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 24) All of the following can raise wages of union members EXCEPT
- A) increasing the demand for non-union made goods.
 - B) increasing the demand for union-made goods.
 - C) limiting union membership over time.
 - D) increasing the productivity of union workers.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

25) In an analytical sense, unions can be thought of as

- A) setters of minimum wages.
- B) monopoly buyers of workers.
- C) generators of inflation.
- D) monopsonies.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

26) Collective bargaining contracts between management and the union negotiators

- A) also apply to the workers who are not members of the union.
- B) usually are settled only after a strike.
- C) cover wages only.
- D) cover wages and fringe benefits only.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

27) The ultimate threat of a union is

- A) the lockout.
- B) the President's power granted by the Taft-Hartley Act.
- C) the unity of spirit of the union membership.
- D) the strike.

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

28) A strikebreaker is

- A) a temporary worker hired by a company to replace a union member who is striking.
- B) when the President imposes a cooling-off period.
- C) someone who engages in featherbedding.
- D) a secondary boycott.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

29) The purpose of a strike is

- A) to obtain higher wages for union members only.
- B) to solve jurisdictional disputes.
- C) to obtain a closed shop.
- D) to force management to accept the union's proposed contract terms.

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 30) Other things equal, granting unemployment benefits or welfare benefits to striking workers
- A) reduces the likelihood of a strike since management will be more cooperative.
 - B) reduces the costs of a strike to workers and will increase their willingness to strike.
 - C) reduces the likelihood of a strike since union workers make wages significantly above unemployment benefits or welfare payments.
 - D) increases the willingness of management to permit a strike.

Answer: B

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 31) Strikes occur in about _____ percent of the labor-management negotiations.
- A) 2
 - B) 16
 - C) 25
 - D) 40

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 32) Suppose a union successfully negotiates a wage rate for its members that is above the competitive wage rate, then
- A) employment in the union sector will increase.
 - B) the union must find a way to make union workers more productive.
 - C) the union must also negotiate a fringe-benefit package that the membership will like.
 - D) the union must find a way to ration jobs among the excessive number of workers who wish to work at the negotiated wage.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Revised

- 33) Suppose a union successfully negotiates a wage rate for its members that is above the competitive wage rate, then
- A) the quantity of labor demanded will be greater than the quantity supplied.
 - B) the quantity of labor demanded will be less than the quantity supplied.
 - C) the labor market will be in equilibrium.
 - D) it is impossible to tell whether or not the labor market will be in equilibrium without more information.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Revised

- 34) Suppose a union successfully negotiates a wage rate for its members that is above the competitive wage rate, then
- A) there will be downward pressure on the wage rate until equilibrium is established.
 - B) right-to-work laws become effective.
 - C) there is a shortage of jobs.
 - D) there is excess demand for labor.

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Revised

- 35) Suppose a union successfully negotiates for its members a wage rate that is above the competitive wage rate, then
- A) there will be a surplus of jobs.
 - B) antitrust laws become effective.
 - C) there will be downward pressure on the wage rate until equilibrium is established.
 - D) there will be an excess supply of labor.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: New

- 36) Unions can ration the excess supply of labor generated by the establishment of a wage that is above the competitive wage by
- A) lengthening the time period for apprenticeship programs.
 - B) lowering union dues.
 - C) encouraging older workers to take early retirement.
 - D) having more intensive membership drives to ensure a larger proportion of workers are covered by the union contract.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 37) If a union is successful in negotiating a wage rate which is above the market clearing wage, then which of the following would not occur?
- A) The higher wages attract more workers leading to a shortage of jobs.
 - B) Management may replace part of the workforce with machinery.
 - C) To handle the surplus of labor the union will form a closed shop.
 - D) The union may shift the supply of labor curve by developing methods to ration jobs.

Answer: C

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 38) The leadership of unions must recognize that they face
- A) an economic system that is hostile to the interests of workers.
 - B) a no-win situation whenever they think a strike is necessary.
 - C) a fundamental trade-off between higher wages for members and higher taxes for members.
 - D) a fundamental trade-off between higher wages for members and fewer jobs for members.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 39) A union that pursued a policy of restricting entry over time into the union would
- A) see real wages hold constant over time at whatever premium they could get initially.
 - B) also have to negotiate to be sure that all the members were able to find jobs.
 - C) generate rising real wages for its membership over time as long as demand for union workers increased over time.
 - D) fail to obtain benefits for their workers in excess of what the workers would get under open markets.

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 40) Which of the following is **not** a wage or employment strategy that a union would follow?
- A) Set a maximum wage rate such that a shortage of workers will result.
 - B) Set a wage rate such that all workers that want to find a job can find a job.
 - C) Set a wage rate that will maximize the income of its members.
 - D) Set a wage rate that will maximize the income of only some of its members.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 41) If the union wants to follow the strategy of maximizing member's income, wages should be set
- A) above the market clearing wage rate.
 - B) such that all that wanted to work could work.
 - C) at the market clearing wage rate.
 - D) at the point at which the price elasticity of demand equals 1.

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 42) If the goal of the union is to maximize member income, then
- A) a wage rate will be set in the inelastic portion of the demand curve.
 - B) a wage rate will be set at the point at which the elasticity of demand equals 1 and marginal revenue is positive.
 - C) a wage rate will be set at the point at which marginal revenue equal zero.
 - D) the supply of labor must be inelastic.

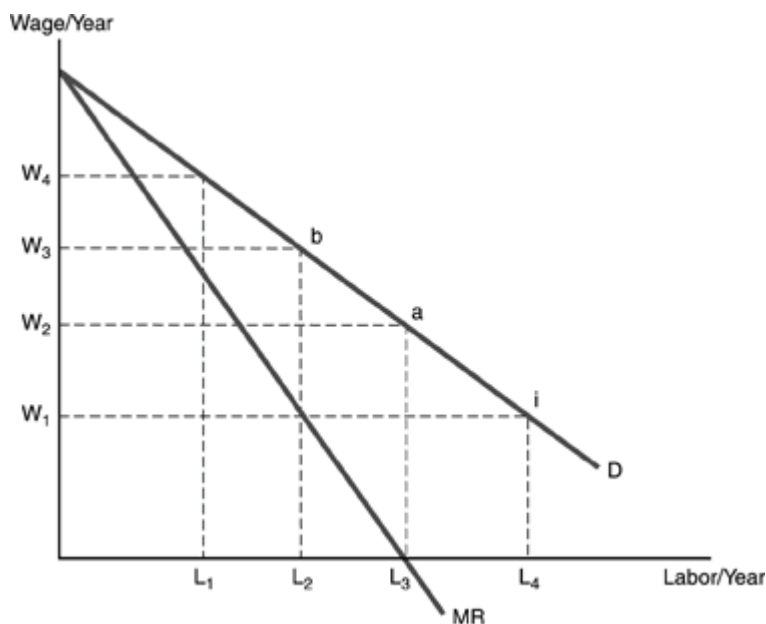
Answer: C

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition



- 43) Refer to the above figure. If the union wants to maximize the total income of its members who work, it will set wages at
- A) W_1 .
 - B) W_2 .
 - C) W_3 .
 - D) W_4 .

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 44) Refer to the above figure. Suppose there are L_4 workers in the union, and the union wants all of its workers to have a job. It will set the wage rate at
- A) W_1 .
 - B) W_2 .
 - C) W_3 .
 - D) W_4 .

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 45) Refer the above figure. An increase in labor productivity is likely to stimulate and shift the labor demand curve to
- A) the right and hence increase union wages per year.
 - B) to the left and hence increase union wages per year.
 - C) the right and hence lower union wages per year.
 - D) None of the above is likely to happen.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 46) Refer the above figure. Suppose the union sets the wage rate that will maximize the total income for the members who work. The total wages will be
- A) W_1iL_4O .
 - B) W_2aL_3O .
 - C) W_3bL_2O .
 - D) W_3bhW_1 .

Answer: B

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 47) Refer to the above figure. Suppose there are L_4 workers in the union. If the union wants to set a wage rate of W_3 , it must
- A) determine which of its members will earn W_3 and which will earn W_1 .
 - B) accept that $L_4 - L_2$ members will not be able to find work in the industry.
 - C) accept that $L_3 - L_2$ workers will have to get a lower wage equal to W_2 and $L_4 - L_3$ workers will have to get a wage of W_1 .
 - D) determine the most efficient way to get the firms to accept the wage and hire all L_4 workers.

Answer: B

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 48) A union can achieve higher wages without accepting lower levels of employment of members by
- A) striking.
 - B) increasing the productivity of its members.
 - C) increasing the amounts of imports.
 - D) increasing the difficulty of its apprenticeship program.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 49) A union can achieve higher wages without accepting lower levels of employment of members by
- A) promoting right-to-work laws.
 - B) increasing the demand for substitute products made by non-union labor.
 - C) increasing conflicts with management.
 - D) beginning a campaign against buying foreign imports.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

Question Status: New

- 50) Unions tend to want import restrictions because
- A) imports are usually of inferior quality.
 - B) they can increase the wages for union workers by increasing the productivity of union workers when the workers aren't worried about foreign competition.
 - C) the restrictions also reduce the number of immigrants that can enter the country and decrease the supply of nonunion labor.
 - D) the restrictions decrease the demand for non-union made goods, increasing the demand for union made goods.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Dynamics of the global economy

Question Status: Previous Edition

- 51) The primary purpose of a strike by labor unions is to
- A) force the firm out of business.
 - B) extract from the firm better and improved conditions of work or contract terms.
 - C) secure a larger market share for the firm.
 - D) ensure they get paid for striking.

Answer: B

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 52) Strikebreakers
- A) can reduce the bargaining power of a union.
 - B) can strengthen the bargaining power of a union.
 - C) make a union negotiation invalid.
 - D) make a strike permanent.

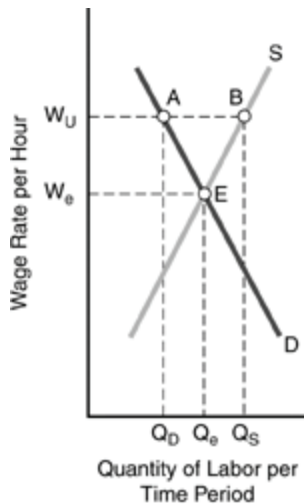
Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

53) The figure illustrates all of the following EXCEPT



- A) if the union establishes by collective bargaining a wage rate that exceeds equilibrium at point W_U an excess quantity of labor will be supplied.
- B) if the union establishes by collective bargaining a wage rate that exceeds equilibrium, an excess quantity of labor will be demanded.
- C) there is a trade-off union leadership faces: Higher wages inevitably mean a reduction in total employment—a smaller number of positions.
- D) at higher wages, more workers will seek to enter the industry, thereby adding to the surplus of workers where Q_S is greater than Q_D .

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

54) Which of the following is NOT a union wage and employment strategy?

- A) ensuring employment for all members of a union
- B) maximizing aggregate income of workers
- C) maximizing wage rates for some workers
- D) minimizing the adjusted gross income of non-members

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

55) The ultimate bargaining tool for unions is

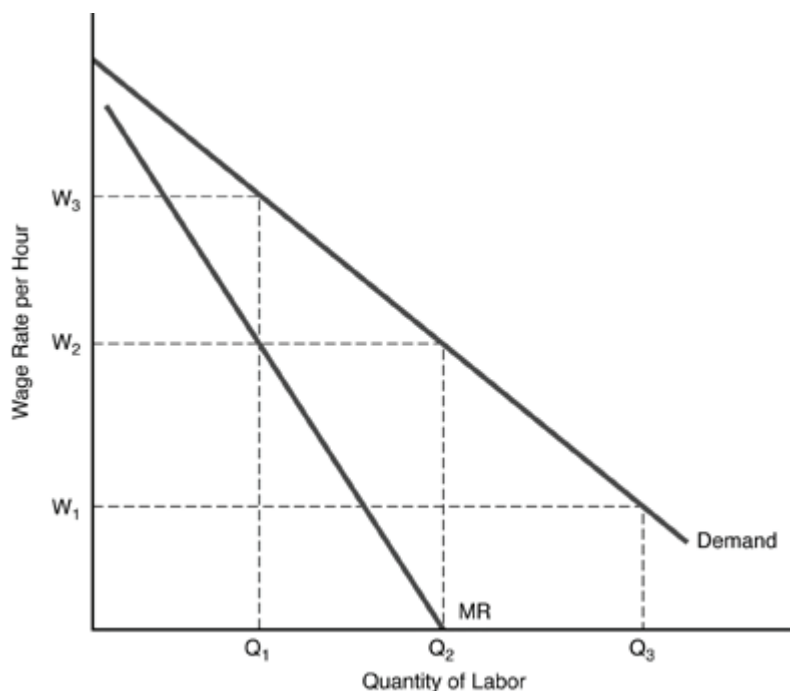
- A) the strike.
- B) "labor's Magna Carta."
- C) the Taft-Hartley Act.
- D) the sympathy strike.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition



- 56) In the above figure, which wage rate yields the highest union employment?
 A) W_1 B) W_2 C) W_3 D) $W_2 - W_1$

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 57) In the above figure, which wage rate will maximize union members' income?
 A) W_1 B) W_2 C) W_3 D) $W_3 - W_1$

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 58) In the above figure, which wage rate will yield the highest wage rates for particular workers?
 A) W_1 B) W_2 C) W_3 D) $W_3 - W_2$

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 59) If a union negotiated a wage above the market equilibrium wage, we would find
- A) a surplus of laborers at the negotiated wage.
 - B) a shortage of laborers at the negotiated wage.
 - C) higher efficiency of labor at the negotiated wage.
 - D) lower worker productivity at the negotiated wage.

Answer: A

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 60) When you see a commercial on TV asking you to "look for the union label," the union is trying to
- A) increase worker productivity.
 - B) increase the demand for nonunion goods.
 - C) increase the demand for union goods.
 - D) decrease the demand for nonunion goods.

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 61) To reduce labor surplus above the equilibrium union wage level, a union may do all of the following EXCEPT
- A) lengthen apprenticeship period.
 - B) assign jobs based on seniority.
 - C) limit the number of new members accepted.
 - D) encourage nonunion members to join the union.

Answer: D

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 62) All of the following are benefits of labor unions EXCEPT
- A) unions reduce wage inequity.
 - B) unions increase the stability of the workforce.
 - C) unions give workers a political voice.
 - D) unions maximize employment for all workers.

Answer: D

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 63) Temporary or permanent workers hired to replace striking union workers are known as
- A) strikebreakers.
 - B) backbreakers.
 - C) rationers.
 - D) strikeaiders.

Answer: A

Diff: 1

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

- 64) Supposed you are hired to be a checker at a local grocery store. After ninety days of probation you become a member of the union. As a result you feel more secure about your job and work harder to be part of the team. This is a benefit of union membership that
- A) increases demand for union-made goods.
 - B) decreases the demand for nonunion-made goods.
 - C) increases worker productivity of union members.
 - D) increases union dues.

Answer: C

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 65) When unions exist in markets,
- A) firms must have market power in their output markets.
 - B) there no longer is a perfectly competitive labor supply.
 - C) individual workers no longer make labor-leisure trade-off decisions.
 - D) employers have market power in labor markets.

Answer: B

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Revised

- 66) Suppose a union negotiates for its members a wage that is above the market-clearing wage. What problems does the union have to solve now? Explain.

Answer: The higher wage implies there will be an excess of labor so the union must find a way to ration the jobs. The excess supply is due to two factors—the firms' quantity demanded for workers decreases and new workers are attracted into the industry due to the higher wage. Further, the higher labor costs are likely to encourage management to find ways to substitute other factors of production for labor.

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

- 67) A union could raise wages without causing unemployment of union members if it can increase demand for union labor. How might this goal be achieved?

Answer: If unions can increase the labor productivity of the workers, then the demand for labor would increase. Perhaps the union workers are more productive because they don't have to worry about being fired for no cause since the union is looking out for their interests. Perhaps the unions can induce consumers to demand union-made goods through advertising campaigns, or can decrease demand for nonunion made goods by getting tariff legislation passed.

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

68) What is the purpose of a strike? What are the costs to workers and to management?

Answer: The purpose of a strike is to impose costs on management to force them to accept the union's proposed contract terms. The strike disrupts the firm's production schedule and may cost the firm sales and profits. The strike costs the workers in that they do not get paid during the strike.

Diff: 1

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

69) A union can be viewed as a monopoly seller of a service. What are the three wage and employment strategies the union might use?

Answer: The union might try to employ all members, but the only way it can do this is to accept the market clearing wage. The market would do this without the union, so the union will probably not pursue this strategy. It can maximize members' income. This is found by finding the marginal revenue curve that goes with the demand curve for labor and finding the wage when marginal revenue would be zero. Finally, it can maximize wages for certain workers, which would mean more of the members go without jobs.

Diff: 2

Topic: 29.2 Union Goals and Strategies

Question Status: Previous Edition

70) What can a union do in order to raise the wages of its members ?

Answer: A union can establish a wage rate above the market clearing wage rate by negotiating with firm management and then ration the available jobs among union members. It can also indirectly raise wages by limiting supply over time, raising the demand for union workers through raising their labor productivity, or by increasing the demand for union-made goods.

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Previous Edition

71) Why might a union find that attaining the goal of employing all its members and the goal of maximizing total union wage receipts to be incompatible objectives?

Answer: To ensure that all of its members are employed, a union must be willing to settle for a wage rate sufficiently low to induce employers to hire all those individuals. In contrast, to maximize total union wage receipts, a union must find a way to attain a sufficiently high wage rate (at which the elasticity of the demand for labor equals 1), which typically will not equal the wage rate required to induce employers to hire all union members.

Diff: 2

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Revised

- 72) How can restricting entry into a union help boost members' wages without the union specifically setting wages?

Answer: With union membership limited, the quantity of labor available to employers is limited to that quantity supplied. Then, if the demand for labor increases over time, so will the wages paid to the union's members.

Diff: 3

Topic: 29.2 Union Goals and Strategies

AACSB: Analytic skills

Question Status: Revised

29.3 Economic Effects of Labor Unions

- 1) We observe that union workers are earning more than similarly qualified nonunion workers.

From this we can conclude that

- A) unemployment of union workers must have increased.
- B) unemployment of nonunion workers must have increased.
- C) productivity of union workers must be greater than the productivity of nonunion workers.
- D) Any of the above are possible and we cannot tell which without having more information.

Answer: D

Diff: 3

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Revised

- 2) Which is NOT one of the potential benefits of labor unions?

- A) Unionism raises social efficiency.
- B) Unions appear to reduce wage inequality.
- C) Unions may reduce a company's profits.
- D) Unions may have contributed to safer working conditions.

Answer: C

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Revised

- 3) In some settings,

- A) unionism is associated with increased productivity.
- B) unions have been effective in promoting general social legislation.
- C) Both A and B are correct.
- D) Neither A nor B is correct.

Answer: C

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Revised

- 4) Which of the following best describes the effects of unions in the United States today?
- A) The average union worker works more hours but earns a lower annual income than the average nonunion worker.
 - B) The average union worker works fewer hours but earns a higher annual income than the average nonunion worker.
 - C) The average union worker works more hours and earns a higher annual income than the average nonunion worker.
 - D) The average union worker works fewer hours and earns a lower annual income than the average nonunion worker.

Answer: D

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Revised

- 5) In the United States the differential between union and non-union wages
- A) does not exist.
 - B) currently averages about 50–60 percent.
 - C) has been narrowing.
 - D) tends to fall during a recession because union members typically have shorter-term contracts than do nonunion employees.

Answer: C

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 6) Which statement is most TRUE about the impact of unions on wage levels in the United States?
- A) Unions have had no impact on the wage levels of their workers.
 - B) Unions have tended to increase the hourly wage rates of their members relative to nonunion workers by an average of about \$2.25.
 - C) Unions have contributed to increased income inequality in the United States by raising corporate profits.
 - D) The union/nonunion wage differential tends to decrease during a recession.

Answer: B

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 7) The union wage differential
- A) varies substantially across employment sectors.
 - B) increases during expansions.
 - C) has remained fairly constant over the past 30 years.
 - D) is greater for private sector employees than for government sector workers.

Answer: A

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 8) The practice of forcing employers to use more labor than they would otherwise use is called
- A) railroading.
 - B) featherbedding.
 - C) dumping.
 - D) bootstrapping.

Answer: B

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 9) The attempt to force employers to use more labor than they otherwise would, or to force employers to use labor inefficiently, is known as
- A) a secondary boycott.
 - B) a sympathy strike.
 - C) a monopsony.
 - D) featherbedding.

Answer: D

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 10) A union contract requiring elevator operators in a building with automatic elevators is an example of
- A) a closed shop.
 - B) featherbedding.
 - C) a lockout.
 - D) a right-to-work requirement.

Answer: B

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Reflective thinking skills

Question Status: Previous Edition

- 11) Featherbedding refers to
- A) the practice of laying off union activists.
 - B) increased international competition and its negative impact on trade unions.
 - C) union leaders arguing for higher wages when they know that they will not become unemployed given their seniority.
 - D) the practice of inducing a firm to use more than the cost-minimizing level of labor.

Answer: D

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 12) Featherbedding is the term for
- A) any practice that forces employers to use more labor than they would otherwise.
 - B) training programs initiated by unions to make their less-skilled members more productive.
 - C) the practice of trying to recruit union members among public employees.
 - D) attempts by management to eliminate a union.

Answer: A

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 13) An example of featherbedding is
- A) the union practice that requires younger workers to be laid off first in a recession.
 - B) a requirement that all construction workers working on government-funded construction projects must be paid union wages.
 - C) employer-paid dental insurance negotiated by the union.
 - D) a requirement on railroads to keep a fireman on board after the introduction of diesel engines.

Answer: D

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 14) If we were to compare the annual earnings of union and nonunion workers in recent years, we would find that
- A) unions have not succeeded in raising the annual incomes of their members.
 - B) unions have succeeded in raising the annual incomes of their members.
 - C) the data is incomplete to tell whether unions have been successful in raising the annual income of their members.
 - D) union members have annual incomes substantially below nonunion members.

Answer: A

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 15) If we were to compare the hourly earnings of union and nonunion workers in recent years, we would find that
- A) unions have not succeeded in raising the hourly incomes of their members above nonunion members.
 - B) unions have succeeded in raising the hourly incomes of their members above nonunion members.
 - C) state government unionized employees have earned less in hourly wages than nonunion government employee.
 - D) union members have increased their hourly incomes, but are still below the hourly incomes of nonunion members.

Answer: B

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: New

- 16) Sometimes unions can raise wages above what productivity increases would permit. When this happens, we can be sure that
- A) the employment of union workers is increasing.
 - B) some union workers end up losing their jobs.
 - C) there is a redistribution of income from union workers to nonunion workers.
 - D) featherbedding will occur.

Answer: B

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 17) Featherbedding refers to
- A) training programs initiated by the unions to make the less-skilled workers more productive.
 - B) attempts by management to reduce workers' interest in a union.
 - C) the practice that forces employers to use more labor than they would otherwise.
 - D) the amount of the union premium.

Answer: C

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 18) Any practice that forces employers to use more labor than they would otherwise use is
- A) closed shop.
 - B) monopolistic exploitation.
 - C) a craft union.
 - D) featherbedding.

Answer: D

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 19) An example of featherbedding is
- A) advertising that encourages consumers to buy union-made goods.
 - B) union requirements that forbid the use of certain laborsaving equipment.
 - C) lobbying Congress to get higher tariffs.
 - D) the requirement that all construction workers who work on a government-financed project receive the union wage rate regardless if they are in the union or not.

Answer: B

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 20) When it comes to productivity, some economists argue that
- A) unions have caused a decrease in productivity by excessive staffing and makework requirements.
 - B) through the use of featherbedding unions have been responsible for productivity increases.
 - C) the passage of the Taft–Hartley Act has led to a significant decrease in productivity.
 - D) the union's insistence on profitability laborsaving devices has led to an increase in productivity.

Answer: A

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 21) Evidence in support of the hypothesis that unions increase the productivity of union workers is
- A) the fact that union wages are greater than nonunion wages.
 - B) there is an excess supply of labor at the union wage rate.
 - C) that unionized firms face lower turnover rates than nonunion firms do.
 - D) that most contracts are settled without a strike.

Answer: C

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 22) Critics of unions tend to focus on the fact that unions
- A) tend to generate higher wages.
 - B) reduce profits.
 - C) are politically active.
 - D) engage in restrictive labor practices.

Answer: D

Diff: 3

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 23) A benefit of unions is that they
- A) increase firm profits.
 - B) increase the stability of the workforce.
 - C) increase wage inequality.
 - D) restrict the labor market.

Answer: B

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 24) Economists argue that the union wage advantage
- A) has been estimated to be 100% in the private sector.
 - B) in the private sector is a 4% increase in wages for union workers over nonunion workers.
 - C) reached its height in 2000 in the private sector.
 - D) has been close to zero since World War II in the private sector.

Answer: B

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 25) Research indicates that on average, state government unions have
- A) raised wages to 20 percent above nonunionized government workers.
 - B) raised wages 25 to 30 percent above nonunionized private-sector and government workers.
 - C) raised wages about 100 percent above similar workers in the nonunion private sector.
 - D) have not significantly raised wages above similar workers in the nonunion sector.

Answer: A

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

- 26) Featherbedding means that
- A) company management receives a cut from the collected union wages.
 - B) employers are force to hire apprentices.
 - C) employers are forced to hire more workers than they want to.
 - D) a union can join a sympathy strike.

Answer: C

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 27) A union requirement that a fireman has to be hired to work in a diesel locomotive would be an example of

- A) work expansion.
- B) featherbedding.
- C) work requirements.
- D) work stabilization.

Answer: B

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

- 28) A practice which might force employers to use more labor than they would otherwise is referred to as
- A) wall propping.
 - B) featherbedding.
 - C) mothballing.
 - D) yellow-dogging.

Answer: B

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

Question Status: Previous Edition

29) Which of the following is NOT considered to be a benefit of unionism?

- A) increased featherbedding
- B) greater workplace safety
- C) higher workforce stability
- D) provision of arbitration and grievance procedures

Answer: A

Diff: 3

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

30) In recent decades, the union–nonunion hourly wage differential has

- A) increased substantially.
- B) increased slightly.
- C) stayed the same.
- D) fallen significantly.

Answer: D

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

31) Can unions increase productivity? Explain.

Answer: Unions can increase productivity, but they can also decrease productivity.

Featherbedding is a practice that reduces labor productivity. However, if unions create greater job satisfaction or reduce labor turnover, it is possible that productivity will be increased.

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

32) Have unions been successful at raising wages for their members? What about raising wages for all workers?

Answer: Yes, they have been successful at raising wages for their members. To the extent that higher union wages come by generating an excess supply of workers, some of those workers unable to get jobs may go into the nonunion sector looking for work. This would tend to decrease wages for nonunion workers. Hence, it is likely that unions have caused nonunion workers to receive lower wages than they would if there were no unions.

Diff: 3

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

33) Discuss the benefits of unions.

Answer: Some economists argue that unions probably raise social efficiency by increasing productivity. They also reduce wage inequality, reduce profits, and increase stability in the labor force by providing arbitration proceedings and grievance procedures. They also argue unions provide a political voice for union members, and that unions have effectively promoted general social legislation.

Diff: 1

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

34) "Unions in the United States have helped raise the incomes of union workers as compared to nonunion workers." Do you agree or disagree? Why?

Answer: Disagree. The hourly wage earned a typical union worker is about \$2.25 higher than the hourly wage earned a typical nonunion worker. However, the effect of a higher hourly wage rate on annual income is more than offset by the effect of fewer hours that the average union employee works as compared to the average nonunion worker. As a result, the annual income of a typical union worker is lower than that of the average nonunion worker.

Diff: 2

Topic: 29.3 Economic Effects of Labor Unions

AACSB: Analytic skills

Question Status: Previous Edition

29.4 Monopsony: A Buyer's Monopoly

1) A monopsony has an upward sloping supply curve because

- A) diminishing marginal product to scale does not exist in a monopsony.
- B) each additional unit of labor costs less.
- C) when more units of labor are hired, all laborers must receive the higher wage.
- D) when more units of labor are hired, only the new workers receive the higher wage.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

2) A monopsonist is

- A) a single buyer.
- B) a single seller.
- C) one of a few firms that face a unionized labor market.
- D) a non-profit-maximizing firm.

Answer: A

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 3) If the labor supply curve faced by a firm is rising, the marginal factor cost curve of labor must be
- A) rising and below the supply curve.
 - B) rising and above the supply curve.
 - C) equal to the supply curve.
 - D) horizontal.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 4) A monopsonist in the labor market has
- A) a perfectly elastic labor supply.
 - B) a decreasing average variable cost.
 - C) an upward sloping labor supply curve.
 - D) a downward sloping marginal revenue product curve.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 5) For a monopsonist, marginal factor cost exceeds the wage rate since
- A) more workers have to be paid the prevailing wage rate.
 - B) the supply of labor is perfectly elastic.
 - C) when new workers are hired the wage rate must be increased for all workers and not just for the additional workers.
 - D) the labor demand is downward sloping.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 6) The main difference between a monopsonist and a competitive buyer of labor is that
- A) the competitor can hire as many workers as it wants at the going wage while a monopsonist can force wages down when hiring additional workers.
 - B) the competitor can hire as many workers as it wants at the going wage while a monopsonist must raise wages to hire additional workers.
 - C) the competitor is a small firm while the monopsonist is a large firm.
 - D) the competitor is also a competitor in product markets while the monopsonist is also a monopoly in product markets.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

7) Marginal factor cost is

- A) the change in total costs due to a one-unit change in the quantity of the good produced.
- B) the change in total costs due to a one-unit increase in the variable input.
- C) the change in the price of an input when an additional unit of the input is hired.
- D) the marginal cost of changing the rate of production in the long run.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

8) Under monopsony, marginal factor cost

- A) is downward sloping.
- B) is less than the wage rate, although it increases as more workers are hired.
- C) equals the wage rate.
- D) is greater than the going wage rate.

Answer: D

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

9) Under monopsony, the marginal factor cost of a worker is equal to

- A) the additional worker's wage rate only.
- B) the additional worker's wage rate plus the increase in the wages of all other existing workers.
- C) the increase in the wages of all other existing workers.
- D) the difference between the worker's wage rate and the lower wage rate received by workers who have already been hired.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

Quantity of Labor Supplied	Required Wage Rate
1	\$6.00
2	9.00
3	12.00
4	15.00
5	18.00
6	21.00
7	24.00
8	27.00
9	30.00
10	33.00

10) According to the above table, the marginal factor cost of the fifth worker is

- A) \$30.00. B) \$45.00. C) \$60.00. D) \$90.00.

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

11) According to the above table, the marginal factor cost of the eighth worker is

- A) \$27.00. B) \$48.00. C) \$168.00. D) \$216.00.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

12) According to the above table, the marginal factor cost of the seventh worker is

- A) \$24.00. B) \$126.00. C) \$42.00. D) \$168.00.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

13) According to the above table, if the marginal revenue product is \$48, how many workers will the profit maximizing monopsonist hire?

- A) 5 B) 6 C) 7 D) 8

Answer: D

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

- 14) According to the above table, if the marginal revenue product is \$24, how many workers will the profit maximizing monopsonist hire?

A) 4 B) 5 C) 6 D) 7

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

- 15) From the information in the above table, calculate the marginal factor cost of the third worker.

A) \$24.00 B) \$36.00 C) \$18.00 D) \$12.00

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Revised

- 16) Exploitation due to a single buyer in the input market is known as

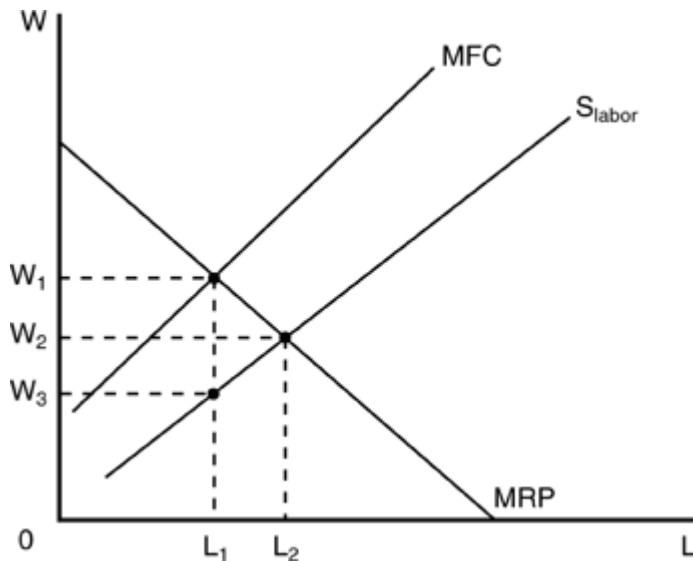
A) monopoly exploitation. B) monopsonistic exploitation.
C) Marxian exploitation. D) the result of closed shops.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition



- 17) In the above figure, the monopsonist will employ

A) L_2 at a wage of W_2 . B) L_2 at a wage of W_3 .
C) L_1 at a wage of W_1 . D) L_1 at a wage of W_3 .

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 18) The monopsonist will employ labor to the point at which the
- A) marginal factor cost equals the marginal revenue product of labor.
 - B) marginal revenue product equals the wage rate.
 - C) marginal cost of output equals the marginal revenue.
 - D) demand equals the supply of labor.

Answer: A

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 19) Which statement best describes the behavior of the monopsonist in the labor market?
- A) It restricts its output to keep the product price high.
 - B) It hires less labor but pays the perfectly competitive wage rate.
 - C) It must pay different amounts to each unit of labor hired.
 - D) It hires less labor and pays a lower wage rate than in the perfectly competitive case.

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 20) The monopsonistic exploitation of labor refers to
- A) the reduction in total output from monopoly in the product market.
 - B) the union wage differential.
 - C) workers being paid a wage less than their marginal revenue product.
 - D) the reduction in employment resulting from union wage setting.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 21) A monopsonist finds its profit maximizing quantity of labor employed at the point at which
- A) marginal revenue product is zero.
 - B) marginal revenue product equals marginal factor cost.
 - C) marginal factor cost is zero.
 - D) total cost equals total revenue.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 22) A firm that is a monopolist in the output market and a monopsonist in the input market
- A) will hire the same amount of labor as if perfect competition prevailed in both markets, but pay a lower wage.
 - B) will restrict the level of output but not that of employment compared to the perfectly competitive case.
 - C) will hire less labor but pay the same wage compared to the perfectly competitive case.
 - D) will hire less labor and pay a lower wage compared to the perfectly competitive case.

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 23) Bilateral monopoly exists when
- A) a single buyer confronts a single seller.
 - B) there are two monopolistic buyers trying to buy resources.
 - C) two labor unions are trying to represent the same group of workers.
 - D) a firm is both a monopoly in its output market and a monopsonist in its input market.

Answer: A

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 24) A monopsonist is
- A) a firm with monopoly power in the local area.
 - B) a firm that has a unionized labor force.
 - C) a single seller of an input.
 - D) a single buyer of an input.

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 25) When there is only one buyer in the market,
- A) a closed shop exists.
 - B) a monopsony exists.
 - C) then the market will be perfectly competitive.
 - D) the supply curve for the good will be perfectly elastic.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

26) The supply curve of labor to a monopsonist is

- A) upward sloping.
- B) downward sloping because of the law of diminishing marginal returns.
- C) downward sloping, but not because of the law of diminishing marginal returns.
- D) horizontal.

Answer: A

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

27) A monopsonist that wants to hire more labor must pay more for the new labor than it is currently paying and increase the wage rate of all existing employees because

- A) the demand curve for labor is inelastic.
- B) of labor unions.
- C) the supply of labor is upward sloping.
- D) of competition in the labor market.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

28) A monopsonist wants to purchase more labor. Which of the following statements is true?

- A) The wage rate that the monopsonist has to pay future workers is lower than it pays current workers since there is no other place to work.
- B) The wage rate that the monopsonist has to pay future workers will be the same rate it pays current workers.
- C) The wage rate that the monopsonist has to pay future workers is higher than what it will continue to pay current workers.
- D) The monopsonist will have to raise the wage rate for current and additional employees.

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

29) For a monopsonist, the marginal factor cost curve will be above the supply of labor curve. The marginal factor cost curve is above the supply curve because

- A) the monopsonist will take advantage of labor and offer them lower wages.
- B) in order for the monopsonist to sell an additional unit of the good, the price of the good must be lowered.
- C) in order for the monopsonist to hire more labor the monopsonist must also purchase more capital.
- D) the monopsonist will have to pay all workers a higher wage rate than the current wage rate if it wants to hire more workers.

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

Quantity of Labor Supplied to Management	Required Hourly Wage Rate
0	
1	\$17
2	\$19
3	\$21

- 30) Refer to the above table. What is the marginal factor cost when the firm employs the second unit of labor?

A) \$19 B) \$21 C) \$36 D) \$38

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 31) Refer to the above table. What is the marginal factor cost when the firm employs the third unit of labor?

A) \$62 B) \$57 C) \$25 D) \$21

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 32) Refer to the above table. If the marginal revenue product is \$21, how many workers will the profit maximizing monopsonist hire and what wage will they pay each worker?

A) 1; \$17 B) 2; \$19 C) 2; \$21 D) 3; \$21

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

- 33) The marginal factor cost of a monopsonist is

A) upward sloping and the same as the supply curve.
 B) downward sloping when the supply curve of labor is upward sloping.
 C) upward sloping and rises faster than the supply curve.
 D) horizontal.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 34) For a monopsonist the marginal cost of increasing its workforce will always be greater than the wage rate because
- A) there is not good factor substitution in a monopsony.
 - B) the wage rate offered the newest employee must be paid to all workers.
 - C) the industry will be a closed shop.
 - D) a normal rate of return must be paid to the owner.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 35) The main difference between a monopsonist and a competitive buyer of labor is that
- A) the monopsonist can hire as many workers as it wants at the going wage while the competitive firm must raise wages to hire additional workers.
 - B) the competitive firm can hire as many workers as it wants at the going wage while the monopsonist can hire more workers at lower wages.
 - C) the competitor can hire as many workers as it wants at the going wage while the monopsonist must raise wages to hire additional workers.
 - D) the monopsonist can force wages down and still hire as many workers as it wants while the competitive firm must increase the wage rate to hire additional workers.

Answer: C

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 36) A monopsonist is currently employing 50 workers at \$10 an hour. It wants to hire an additional worker, but will have to pay the worker \$10.10. The marginal factor cost is
- A) ten cents.
 - B) \$10.00.
 - C) \$10.10.
 - D) \$15.10.

Answer: D

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 37) Under monopsony, marginal factor cost is
- A) equal to the wage rate.
 - B) below the wage rate but increases as more workers are hired.
 - C) greater than the wage rate.
 - D) downward sloping.

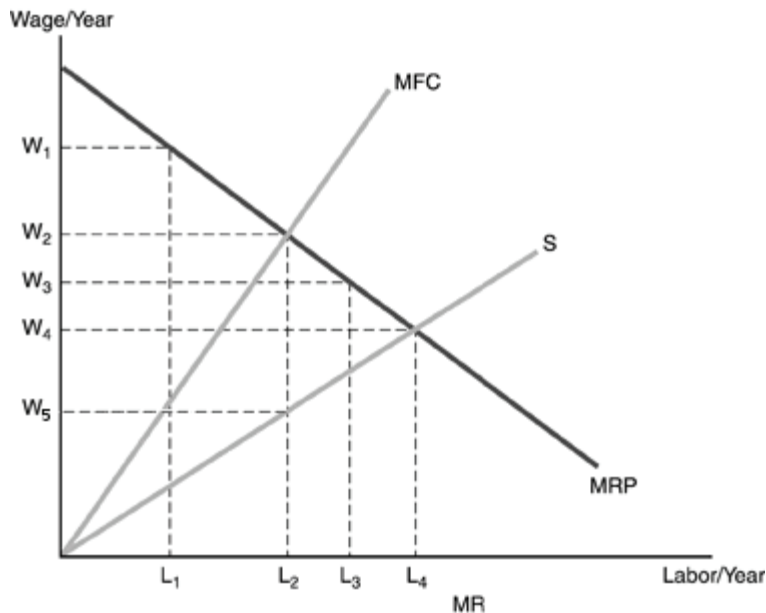
Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition



38) Refer to the above figure. Under monopsony, the wage rate will be

- A) W_1 . B) W_2 . C) W_3 . D) W_5 .

Answer: D

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

39) Refer to the above figure. The wage rate under perfect competition is

- A) W_2 . B) W_3 . C) W_4 . D) W_5 .

Answer: C

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

40) Refer to the above figure. The monopsonistic exploitation is

- A) $W_2 - W_5$. B) $W_1 - W_5$. C) $W_2 - W_4$. D) $W_2 - W_3$.

Answer: A, C

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 41) Monopsonistic exploitation is
- A) measured by the area above the supply curve but below the wage paid.
 - B) the difference between the marginal revenue product of a worker and the wage received by the worker.
 - C) measured by the height of the supply curve of labor.
 - D) the cost to society from unions.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 42) What is it called when the price paid for a variable input is less than its marginal revenue product?
- A) Bilateral monopoly
 - B) Monopsonistic exploitation
 - C) Monopolistic exploitation
 - D) Featherbedding

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 43) Bilateral monopoly exists when
- A) there is either a monopoly or a monopsony in the market.
 - B) there are two competing labor unions in a labor market.
 - C) there is a monopoly and a monopsony in a market.
 - D) a firm is both a monopolist in its output market and a monopsonist in the input market.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 44) Which of the following is FALSE regarding a monopsonist?
- A) The monopsonist is the only buyer in a market.
 - B) The monopsonist faces an upward sloping labor supply curve.
 - C) The monopsonist faces an upward sloping labor demand curve.
 - D) The monopsonist faces the entire market labor supply curve.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 45) Since the National Basketball Association is the only significant employer of professional basketball players, it might be referred to as a(n)
- A) oligopsony.
 - B) monopoly.
 - C) monopsony.
 - D) oligopolist.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Reflective thinking skills

Question Status: Previous Edition

46) When there is only one buyer in a market, there is a

- A) buyer's monopoly.
- B) monopoly.
- C) monopsony.
- D) buyer's cooperative.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

47) When there is only one buyer of labor in a community, we talk of a

- A) monopoly.
- B) monopsony.
- C) monopolistic market.
- D) labor cooperative.

Answer: B

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

48) A company town in the lumber or mining industry is an example of a

- A) monopoly.
- B) bilateral monopoly.
- C) buyer's monopoly.
- D) monopsony.

Answer: D

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Reflective thinking skills

Question Status: Previous Edition

49) A profit-maximizing monopsonist will hire workers up to the point at which

- A) $W = MRP$.
- B) $MRP = MFC$.
- C) $W = MFC$.
- D) $W = MRP = MFC$.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

50) At the profit-maximizing level of employment, the monopsonist

- A) pays a wage equal to MRP .
- B) pays a wage greater than MRP .
- C) pays a wage less than MRP .
- D) pays a wage equal to MFC .

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

51) In a monopsonistic market,

- A) employment is lower but wages are higher than in a comparable competitive market.
- B) employment is higher but wages are lower than in a comparable competitive market.
- C) both employment and wages are higher than in a comparable competitive market.
- D) both employment and wages are lower than in a comparable competitive market.

Answer: D

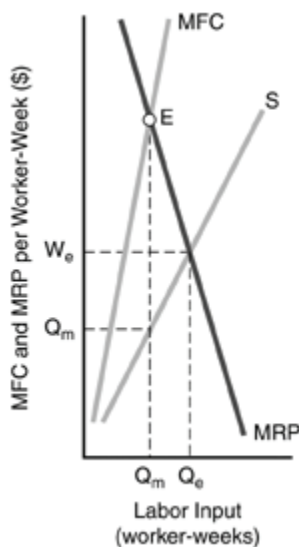
Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

52) The figure supports all of the following statements regarding the marginal factor cost curve for a monopsonist EXCEPT



- A) the monopsonist firm looks at a marginal cost curve, MFC, which slopes upward and is above its labor supply curve.
- B) the marginal benefit of hiring additional workers is given by the firm's MRP curve.
- C) the intersection of MFC with MRP, at point E, determines the number of workers hired.
- D) a monopsonist cannot find the profit-maximizing quantity of labor demanded at E.

Answer: D

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

53) In order to hire additional laborers, a monopsony must

- A) lower the supply of labor.
- B) raise the wage rate.
- C) advertise for the labor.
- D) do nothing.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 54) A monopsonistic employer faces a
- A) perfectly elastic labor supply curve.
 - B) perfectly inelastic labor supply curve.
 - C) MFC curve that is greater than the wage rate at each quantity of labor.
 - D) MFC curve that is less than the wage rate at each quantity of labor.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 55) Paying a wage to an employee that is lower than the employee's marginal revenue product is sometimes referred to as
- A) illegal in most states.
 - B) monopolistic exploitation.
 - C) monopsonistic exploitation.
 - D) total exploitation.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 56) Monopsonistic exploitation refers to
- A) the payment to the resource equal to MFC.
 - B) the payment to a resource less than MRP.
 - C) the payment to a resource equal to MRP.
 - D) the payment to a resource above MRP.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 57) When workers are paid a wage that is less than their contribution to a monopsonist's revenues,
- A) this is sometimes referred to monopsonistic exploitation.
 - B) this is sometimes referred to as an incentive.
 - C) they seek part time employment.
 - D) they file a grievance with their union representative.

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 58) If a single supplier of labor, such as a union, were supplying labor to a single monopsonistic employer, this is referred to as a(n)
- A) bilateral monopoly.
 - B) trilateral monopoly.
 - C) total monopsony.
 - D) collective monopoly.

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 59) Which of the following is FALSE regarding bilateral monopoly?
- A) Bilateral monopoly is a market structure consisting of a monopolist and a monopsonist.
 - B) Bilateral monopoly is defined as a market structure in which a single buyer faces a single seller.
 - C) An example of bilateral monopoly is a state education employer facing a single teachers' union in the labor market.
 - D) The price outcome is easily determined.

Answer: D

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Revised

- 60) A bilateral monopoly means
- A) that a monopsonistic employer bargains with two unions.
 - B) that a monopsonistic employer bargains with both an industrial and a craft union.
 - C) that a monopsonistic employer bargains with a monopoly.
 - D) that an industrial union bargains with a two-firm oligopoly.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 61) A bilateral monopoly exists when there is a
- A) single buyer and many sellers in the market.
 - B) single seller and many buyers in the market.
 - C) large number of buyers and sellers in the market.
 - D) single buyer and a single seller in the market.

Answer: D

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 62) The MFC can be calculated by the
- A) change in total wages/change in labor.
 - B) total wages/total labor.
 - C) change in labor/change in total wages.
 - D) total wages/change in labor.

Answer: A

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

- 63) The labor market in professional baseball is an example of
- A) a bilateral monopoly.
 - B) a monopsonistic labor market.
 - C) a monopolistic labor market.
 - D) a perfectly competitive labor market.

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Reflective thinking skills

Question Status: Previous Edition

64) The MFC curve

- A) lies below the labor supply curve, when the labor supply curve is upward sloping.
- B) lies above the labor supply curve, when the labor supply curve is upward sloping.
- C) is the labor supply curve.
- D) is parallel to the labor supply curve, when the labor supply curve is downward sloping.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition

65) In a bilateral monopoly, the wage rate that is determined in the market

- A) is equal to MFC.
- B) is equal to MRP.
- C) is indeterminate.
- D) is the same as in a perfectly competitive market.

Answer: C

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

Quantity of Labor	Hourly Wage Rate	Total Wage Bill	Marginal Factor Cost
0	-	-	-
1	\$10		
2	12		
3	14		
4	16		
5	18		
6	20		

66) In the above table, what is the marginal factor cost of the 4th worker?

- A) \$16
- B) \$30
- C) \$64
- D) \$22

Answer: D

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Revised

67) In the above table, what is the marginal factor cost of the 2nd worker?

- A) \$24
- B) \$14
- C) \$64
- D) \$12

Answer: B

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Revised

68) In the above table, what is the marginal factor cost of the 5th worker?

- A) \$22 B) \$18 C) \$90 D) \$26

Answer: D

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Revised

69) In the above table, what is the marginal factor cost of the 6th worker?

- A) \$30 B) \$18 C) \$120 D) \$20

Answer: A

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Revised

70) In the above table, if the marginal revenue product is \$18, how many workers will the profit maximizing monopsonist hire?

- A) 2 B) 3 C) 4 D) 5

Answer: B

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

71) In the above table, if the marginal revenue product is \$14, how many workers will the profit maximizing monopsonist hire?

- A) 2 B) 3 C) 4 D) 5

Answer: A

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

72) In the above table, if the marginal revenue product is \$18, how many workers will the profit maximizing monopsonist hire and what wage will they pay each worker?

- A) 5; \$18 B) 3; \$14 C) 3; \$18 D) 4; \$16

Answer: B

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

73) In the above table, if the marginal revenue product is \$22, how many workers will the profit maximizing monopsonist hire and what wage will they pay each worker?

- A) 5; \$18 B) 3; \$14 C) 4; \$22 D) 4; \$16

Answer: D

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

- 74) In the above table, if the marginal revenue product is \$16, how many workers will the profit maximizing monopsonist hire and what wage will they pay each worker?

A) 5; \$18 B) 5; \$16 C) 4; \$16 D) 6; \$30

Answer: A

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

- 75) At any quantity, the marginal factor cost is always

A) parallel to the marginal revenue product.
B) below the labor supply curve.
C) above the labor supply curve.
D) above the labor demand curve.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 76) A firm that is a monopsonist in the labor market and a monopolist in the product market will hire labor to the point at which

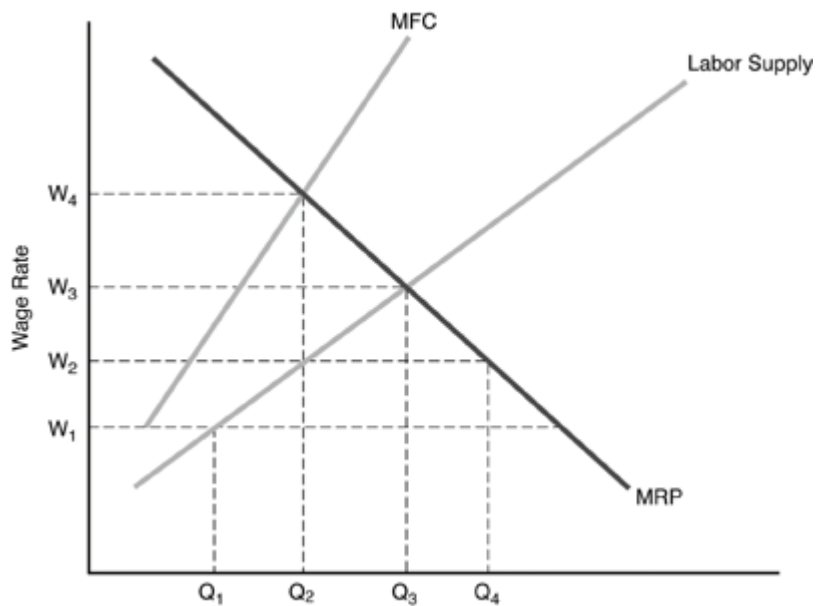
A) $MFC = MRP_m$.
B) a perfectly elastic labor supply = MRP.
C) a perfectly inelastic labor supply = perfectly inelastic labor demand.
D) where supply of labor = demand for labor.

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

Question Status: Previous Edition



77) In the above figure, what is the wage rate the monopsonist will pay?

- A) W_1 B) W_2 C) W_3 D) W_4

Answer: B

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

78) In the above figure, what is the wage rate for the perfectly competitive market?

- A) W_1 B) W_2 C) W_3 D) W_4

Answer: C

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

79) In the above figure, what is the quantity of workers that would be hired by a monopsonist?

- A) Q_1 B) Q_2 C) Q_3 D) Q_4

Answer: B

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

80) In the above figure, what is the quantity of workers that would be hired in a perfectly competitive market?

- A) Q_1 B) Q_2 C) Q_3 D) Q_4

Answer: C

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

81) Which of the following is the BEST example of a monopsonist?

- A) a household hiring a gardener
 B) a turnip farmer hiring seasonal help
 C) Hershey's Chocolate Factory in Hershey, PA
 D) Vinaka Coffee Shop in Carlsbad, CA

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Reflective thinking skills

Question Status: Previous Edition

82) A monopsonistic employer will pay a wage rate

- A) less than the labor's MRP. B) greater than the labor's MRP.
 C) equal to the labor's MRP. D) equal to MFC.

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

Wage Rate	Quantity of Labor Supplied
\$10	1
\$15	2
\$20	3
\$25	4

83) Use the above table. The MFC of the 3rd worker is

- A) \$5. B) \$30. C) \$20. D) \$6.7.

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

84) Use the above table. The MFC of the 4th worker is

- A) \$5. B) \$6.25. C) \$25. D) \$40.

Answer: D

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

85) Use the above table. If the marginal revenue product is \$10, how many workers will the profit maximizing monopsonist hire?

- A) 1 B) 2 C) 3 D) 4

Answer: A

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

86) Use the above table. If the marginal revenue product is \$20, how many workers will the profit maximizing monopsonist hire?

- A) 1 B) 2 C) 3 D) 4

Answer: B

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

87) Use the above table. If the marginal revenue product is \$30, how many workers will the profit maximizing monopsonist hire and what wage will they pay each worker?

- A) 1; \$10 B) 2; \$15 C) 3; \$20 D) 4; \$25

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: New

88) Use the above table. The data shows that the firm

- A) is hiring in a perfectly competitive labor market.
 B) is selling its output in a perfectly competitive market.
 C) is a monopsonist.
 D) is selling its output in an imperfectly competitive market.

Answer: C

Diff: 1

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 89) If a minimum wage is established, a monopsonist faces
- A) an upward sloping supply of labor at all quantities of labor.
 - B) a downward sloping supply of labor at all quantities of labor.
 - C) a horizontal supply of labor at the minimum wage and the upward sloping portion of the labor supply curve above minimum wage.
 - D) a horizontal supply of labor at the minimum wage and the downward sloping portion of the labor demand curve below minimum wage.

Answer: C

Diff: 2

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

- 90) What is a monopsony and how does a monopsonistic firm determine the wage rate to pay its employees?

Answer: Monopsony is the situation when there is a single buyer of an input, such as labor, so that it alone faces the market input supply curve. For a monopsonist, hiring additional employees requires raising the wage rate for all workers, so its marginal factor cost curve lies above the labor supply curve. The monopsonist employs workers to the point at which marginal revenue product equals marginal factor cost and then pays the wage rate that those workers will accept for their labor services. As a consequence, the monopsonist's wage rate is lower than the marginal revenue product of labor.

Diff: 2

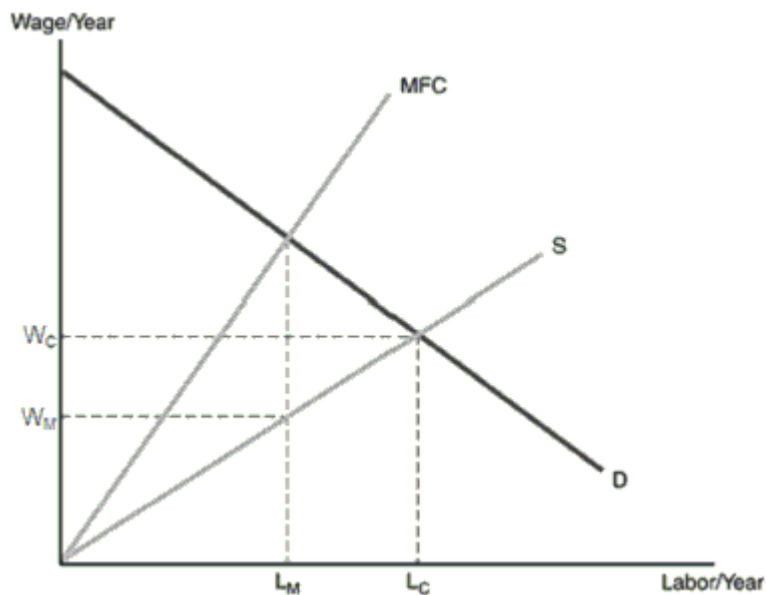
Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition

91) Using a graph, compare the labor-market equilibrium under perfect competition and monopsony. Explain.

Answer:



Refer to the above figure. Under perfect competition, the wage is W_C with L_C units of labor hired. A monopsony's marginal factor cost curve lies above the supply curve—the monopsony has to increase wages to hire more workers. The monopsonist hires L_M workers— $MFC = MRP$ at this amount of labor. The wage rate is W_M and the monopsonist hires fewer workers and pays a lower wage than in a competitive situation. The difference between the workers' marginal revenue product and the wage is the monopsonistic exploitation of labor.

Diff: 3

Topic: 29.4 Monopsony: A Buyer's Monopoly

AACSB: Analytic skills

Question Status: Previous Edition