

SUNY-Stony Brook. Economics Department
Economics 337: Spring 2002

Advanced Labor Theory

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Sample Problem Set 6.

Questions refer to the material of chapter 10 of the textbook.

Please in your answers always show your work.

1. From the Textbook (remember to justify your answers).
 - Chapter 10 (pages 374 and 375)
Review Questions: 1, 2, and 7.
Problem: 1.
2. It is always better to have a choice, so here I give you several. Choose the one alternative that best completes the statement or answers the question:
 - The Human Capital Theory of Migration compares the costs of a move to
 - (a) the sum of increased utility levels from each year on the new job
 - (b) the sum of the utility level from each year on the new job
 - (c) the discounted sum of increased utility level from each year on the new job
 - (d) the discounted sum of utility levels from each year on the new job
 - An increase in the discount rate would make a worker:
 - (a) more likely to change jobs.
 - (b) less likely to change jobs.
 - (c) exactly as likely as before to change jobs.
 - (d) either more or less likely to change jobs.
 - Within each age group, people with —— are most likely to migrate:

- (a) a large amount of education
 - (b) a large amount of experience
 - (c) young children
 - (d) no current employment
- For workers who emigrate to the United States from a country with a less equal distribution of earnings,:
 - (a) the largest potential gain exists for unskilled workers.
 - (b) the largest potential gain exists for skilled workers.
 - (c) immigrants will be positively selected with respect to skills.
 - (d) immigrants will, on average, have a higher skill level than the workers who do not emigrate.
- An increase in the number of immigrants causes:
 - (a) the labor demand curve to shift to the left.
 - (b) the labor supply curve to shift to the left.
 - (c) the labor supply curve to shift to the right.
 - (d) the labor demand curve to become flatter.
- As long as immigrants are paid their marginal product and pay more in taxes than they consume in government benefits, then an increase of immigrants will cause:
 - (a) aggregate income of natives to increase.
 - (b) average wages of workers to increase.
 - (c) individual incomes of all workers to increase.
 - (d) average wages of workers to stay the same.

Solution to multiple choice: C, B, A, A, C, A.

Remember problem sets should help you understand the material better. They are the best indicators of what you will find in exams.