(5 points) Answer the following essay question, writing only on the paper provided:

1. What is the relationship between age (job experience) and earnings? Show the relationship on a graph. Briefly discuss at least one theoretical reason that explains the relationship that you show on your graph. Briefly explain your answer.
(10 points) Answer all of the following 10 multiple-choice questions. Make sure that your answers are coded in the answer sheet provided.

1. All of the following are considered human capital except
   A. Formal education.
   B. Migration.
   C. Job search.
   D. On-the-job training.
   E. All of the above are considered human capital.

2. Which of the following statements are true?
   I. Older people are more likely to migrate, all else equal, because they have lower psychic costs.
   II. More educated people are more likely to migrate, all else equal, because their migration costs are lower.
   A. both statements are true.
   B. both statements are false.
   C. I is true while II is false.
   D. I is false while II is true.

3. Which one of the following circumstances would lead to increased investment in education by women?
   A. An increased likelihood that women interrupt their job careers.
   B. Increased employment opportunities for women.
   C. Higher discount rates for women than for men.
   D. Persistent discrimination against women.

4. From the firm’s point of view the major advantage of paying workers a piece-rate or a commission is that such policies:
   A. Encourages teamwork.
   B. Increases turnover.
   C. Reduces the incentive by workers to shirk.
   D. Decreases wage costs.

5. Which of the following statements are true?
   I. Women generally invest more in education than do men.
   II. Women generally invest more in job training than do men.
   A. both statements are true.
   B. both statements are false.
   C. I is true while II is false.
   D. I is false while II is true.

6. One implication of efficiency wages is that:
   A. Firms may pay wages below market wages.
   B. A shortage of labor may develop.
   C. Persistent unemployment may occur.
   D. The problem of shirking is likely to worsen.

7. Which of the following statements are true?
   I. Worker pay based upon time (hourly, monthly, etc.) is more likely to occur when monitoring costs are high.
   II. Worker pay based upon time (hourly, monthly, etc.) is more likely to occur when it is more difficult to measure their individual productivity.
   A. both statements are true.
   B. both statements are false.
   C. I is true while II is false.
   D. I is false while II is true.

8. All of the following will gain from immigration except:
   A. Domestic consumers.
   B. Domestic workers that are gross substitutes for the immigrant labor.
   C. Domestic firms.
   D. All domestic workers.

9. Foreign skilled workers are more likely to immigrate to the U.S. when:
   A. Earnings differentials between skilled and unskilled are higher in the foreign country than in the U.S.
   B. When they are single.
   C. Earnings differentials between skilled and unskilled are lower in the foreign country than in the U.S.
   D. When they are married.

10. A successful promotion tournament:
    A. Tends to increase shirking by individual workers.
    B. is characterized by uncertainty about who will win.
    C. does not choose the winner of the tournament based on relative productivities.
    D. equally divides the rewards between winners and losers.