

(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.