97. Critics contend that imposing a minimum wage higher than the equilibrium wage in a competitive industry would:
A. Decrease the number of workers employed in that industry
B. Decrease the quantity of labor supplied to that industry
C. Increase the demand for labor in the industry
D. Increase employment in that industry

98. Minimum wage in the U.S. is:
A. Set at the federal level, and all states abide by that level
B. Set at the federal level, but many states set their own minimums that are higher than the federal level
C. Set at the federal level, but many states set their own minimums that are lower than the federal level
D. Set at the state level, not by the federal government

  

99. In the above graph, unemployment created by the minimum wage is:
A. *B* - *A*
B. *B* - 0
C. *B* - *E*
D. 0

  

100. In the labor market shown above, if a minimum wage level is set at *Wm*, it will cause:
A. Employment to increase from *A* to *B*
B. Employment to decrease from *C* to *B*
C. Employment to decrease from *B* to *A*
D. *BC* workers to be hired

101. In the labor market shown above, if the demand for labor increases so that the equilibrium wage rate goes above the minimum wage Wm, then the minimum-wage law will:
A. Cause higher unemployment
B. Cause lower unemployment
C. Labor supply to decrease
D. Become ineffective in the market

  

102. If a minimum wage is set at *W*, what will happen to employment in the monopsonistic labor market shown in the diagram above?
A. Employment will decrease
B. Employment will increase
C. Employment will stay the same
D. Employment may increase but usually it tends to stay the same

  

103. Relevant economic data for Company Town Mining, Inc., is shown above. The labor force (including those not now working) of Company Town organizes and demands a minimum wage, *W*, for all workers. If Company Town Inc. accepts the offer it will:
A. Pay lower wages
B. Hire more workers
C. Hire fewer workers
D. Hire the same number of workers

  

104. Senator Approxmire opposes a proposal requiring that the monopsonist pay a minimum wage of at least *W*min, stating: "Even if the labor market is monopsonistic, economic theory unambiguously demonstrates that imposing a minimum wage causes employment to fall." Senator Approxmire is:
A. Correct because the law of demand states that as the wage rises, the firm demands less labor
B. Incorrect because the monopsonist would offer a wage of *W*A, which is higher than *W*min, and maintain its employment at *L*1
C. Incorrect because the monopsonist's effective MRC curve becomes *ABCD*, which means that it will choose to hire more workers, from *L*1 to *L*2, following the imposition of the minimum wage
D. Correct because the graph indicates that at the wage of *W*min, the monopsonist would not make a profit from hiring labor and so would not hire any at all

  

105. Consider a company town where the ABC Corporation is the only employer. Assume ABC sells its output in a purely competitive market. The city council is considering a proposal to lower the minimum wage from its current level of *W*2 to *W*1, as shown in the graph above. Given the marginal revenue product of labor (MRP), labor supply (*SL*), and marginal cost of labor (MRC) curves, this policy would:
A. Increase employment from *L*1 to *L*2
B. Increase employment from *L*1 to *L*3
C. Reduce employment from *L*4 to *L*3
D. Reduce employment from *L*1 to *L*0