Answers to End-of-Chapter Exercises

1. a. A relatively elastic supply curve for waitpersons:

![Graph showing supply curve for waitpersons]

b. A virtually “fixed” supply of aerospace engineers in the short run:

![Graph showing supply curve for aerospace engineers]
c. The effect on the supply of lawyers of the reduction of barriers to women’s participation in law:

\[ \text{Wages for lawyers} \]

Original supply of lawyers

New supply of lawyers

Quantity of lawyer labor

d. The effect on the market for waitpersons of a rise in the wage of salesclerks:

\[ \text{Wages for salesclerks} \]

New supply of salesclerks

Original supply of salesclerks

Quantity of salesclerk labor
2. a. A labor demand curve, when very good substitutes for labor in the production process exist:

![Labor demand curve diagram]

b. The effect of a drop in demand for the organization’s product:

![Graph showing the effect of a drop in demand for a product]
c. The effect of a rise in the price of other inputs that have been used as substitutes for labor:

3. Only (c) could be a potential explanation for the observed increase in accountant salaries and accountants employed. This represents an increase in the demand for accountant services. The graph below illustrates how an increase in the demand for accountants leads to a wage and quantity increase. The change in demand increases wages from $W_0$ to $W_1$, and the quantity of accountants employed increases from $Q_0$ to $Q_1$. 
4. Assuming that the A.M.A. had market power to determine the supply of doctors, we would expect that the wages of doctors would be higher than in the competitive case because monopoly power makes it possible to charge a higher price than would occur in a competitive case. The monopoly power also means that the number of doctors employed would be less than in the competitive case. Note that deadweight loss will exist in this case because of the high wages and limited supply of doctors.

5. The correct matches are 1→viii, 2→ii, 3→xi, 4→iii, 5→iv, 6→vii, 7→vi, 8→ix, 9→v, 10→x, 11→i. Note that the questions about insurance jobs are based on an actual anti-discrimination suit brought against State Farm Insurance.

6. You may need to provide students with more guidance for this question depending on the structure of the BLS web site. At the time of publication, wage data by occupation is found at http://www.bls.gov/oes/2000/oes_nat.htm and at http://www.bls.gov/ncs/home.htm. Employment projections are found at http://www.bls.gov/emp/.