

Homework # 9

1. If an input is highly specialized and used in one industry only, will the supply curve be relatively elastic or inelastic? Explain why.

2. Suppose computer programmers work in two industries --the computer industry and the machine tool industry. The supply curve of computer programmers is upward sloping. What are the effects of each of the following events on the employment of computer programmers in each industry and on the wages of computer programmers in each industry?
 - a. The demand for computers falls.
 - b. There is an influx of computer programmers from abroad.
 - c. A third industry starts using computer programmers.
 - d. Firms in the machine tool industry increase their purchases of capital equipment.
 - e. One-third of the computer programmers are drafted into the military.

3. Robots are being introduced into American manufacturing to perform routine, repetitive tasks previously performed by some types of labor. Suppose there are two types of labor, L_A and L_B , such that L_A and robots are substitutes while robots and L_B are complements. What will be the effects on the wages and employment of the two types of labor?