

## Homework 4

Due 12/15

### Chapter 14:

1. **Monopsony and Monopoly** Is a monopsonist always a monopolist, and vice versa? Try to imagine a firm that is a monopsonist in its factor market but a perfect competitor in its product market. Then try to visualize a firm that is a monopolist but not a monopsonist.
2. **Trends in the pay of men and women.** The wage gap between men and women has narrowed somewhat in the past ten years and is expected to narrow further. Do you think the narrowing of the wage gap has anything to do with the facts that (a) women are more than proportionately represented in service occupations and (b) demand for services is growing faster than demand for goods? Discuss.

### Chapter 18

1. **Poverty vs. inequality** “It is a mistake to think of poverty in terms of absolute needs. The best way to measure poverty would simply be to consider the bottom fifth of the income distribution in each country to be “poor” and the rest to be “non-poor.” Do you Agree, disagree, or agree in part? Is this approach applicable to very rich countries? To very poor countries?