

# *Chapter 8*

## *Objectives*

- Discuss domestic and international patterns in real wages
- Discuss domestic and international patterns in unemployment
- Define the marginal product of labor and diminishing returns to labor
- Discuss the value of marginal product of labor and its relationship to labor demand
- Illustrate factors that shift the labor demand curve
- Discuss the nature of labor supply
- Illustrate factors that shift the labor supply curve
- Explain the role of technological change and capital stock on real wage growth
- Explain the effect of greater international trade on wage inequality
- Discuss worker mobility as a way to lessen the impact of international trade
- Define skill-biased technological change and explain its impact on wage inequality
- Discuss efficient and inefficient solutions to lessen the impact of technological change on wage inequality
- Define frictional, structural, and cyclical unemployment
- List and discuss the impediments to full employment
- Explain differences in unemployment patterns between Western Europe and the U.S.