Questions you should be able to answer after doing the reading and attending class

1. According to one framework, employers are indifferent to whether compensation is paid in benefits or wages/salary. What is the implication of that indifference for employees if there is a statutory requirement that employers must now provide paid maternity leave?

2. How does the imposition of that same statutory requirement for paid maternity leave affect an employer who wants to increase the use of labor as an input and has to decide between using more overtime or hiring more people?

3. What is meant by the term “cost shifting” when applied to non-wage compensation? What are the two areas where cost shifting seems to be occurring currently?

4. What is the difference between a defined benefit and a defined contribution retirement plan? What are the advantages and disadvantages of each to employers? What about to employees?

5. What is the difference between a defined benefit and a defined contribution health insurance plan? What are some of the obstacles to implementing a defined contribution plan?

6. Name three properties of public goods.

7. Define the three conditions under which public goods arise.

8. Give an example of a good that is sometimes a public good and sometimes a private good.

9. Describe how a fringe benefit might better be provided as a public good rather than a private one.

10. How might labor standards be seen as a public good?

11. How can the services provided by labor unions to their members be seen as public goods?