

Unemployment – Day 8 Questions

Honors Econ 202/Haworth

The questions below are provided to test your understanding of this day's material.

*To receive credit for this assignment, go to Assignments and find the folder entitled Daily Questions. Inside that folder, you'll find a folder entitled Section 1. Once you're in that folder, click on the link that says **Unemployment-Day 8** and complete the assignment. When you are finished, you may submit. Remember that the deadline for submitting this Day 8 Daily Question assignment is Friday, February 3, at 9:00pm.*

The information below corresponds with Questions #1-3

The economy of Country X has the following individuals (assume no overlap across categories):

Number of people out of work and actively seeking a job: 50

Number of people who are retired: 120

Number of people who are institutionalized: 100

Number of people who are employed with a full-time job: 600

Number of people who are employed with a part-time job: 150

Number of people who are discouraged workers: 100

1. What is the size of this economy's labor force?
 - a. 50
 - b. 750
 - c. 800
 - d. 900
 - e. 1020

2. What is this economy's current unemployment rate?
 - a. 6.25%
 - b. 6.67%
 - c. 5.56%
 - d. 16.67%
 - e. 20.00%

3. What is this economy's current participation rate?
 - a. 73.53%
 - b. 88.89%
 - c. 71.43%
 - d. 78.43%
 - e. 88.24%

4. Which of the following would be the best example of frictional unemployment?
- a. when the workers quit their jobs to search for a higher paying job
 - b. when the workers who produce Ford Explorers are laid off as the economy enters recession
 - c. when the employees at a store selling Christmas decorations are laid off after the holiday
 - d. when workers are laid off due to an increase in the minimum wage
 - e. none of the above

5. If there is an increase in the number of discouraged workers within an economy, then we would observe the following changes in the unemployment rate and participation rate:
- a. the unemployment rate decreases and participation rate increases
 - b. the unemployment rate increases and participation rate decreases
 - c. the unemployment rate and participation rate both increase
 - d. the unemployment rate and participation rate both decrease
 - e. the unemployment rate remains constant and participation rate decreases
 - f. none of the above