

Question # 1 Which of the following individuals would be classified as employed according to the BLS?

- A) Linda, who at the age of 15, has started to work for Bob, the self-employed butcher.
- B) Bob the butcher, who runs his own business.
- C) John, who is required to put in 5 hours a week, at his parents store, but for which he gets no compensation.
- D) Beverly, who volunteers at least 15 hours a week for the Salvation Army.
- E) All of the above.

Question # 2 If the number of unemployed increases from 10 million to 12 million, while the size of adult labor force increases from 80 million to 88 million, what happens to the unemployment rate?

- A) Decreases from 12.5% to 11.3%..
- B) Increases from 11.3% to 12.5%.
- C) Increases by 10%.
- D) Stays constant at 11.3%.
- E) Stays constant at 12.5%.

$$\frac{10}{80} = 0,125 \times 100 = 12,5\%$$
$$\frac{12}{88} = 13,63\%$$

Question # 3 Discouraged workers are:

- A) under-employed workers.
- B) workers that are in the labor force.
- C) employed workers dissatisfied with their jobs.
- D) unemployed workers.
- E) no longer in the labor force.

Question # 4 Which of the following statements is correct?

- A) Frictional unemployment is a long-run form of unemployment. ✓
- B) The level of frictional unemployment is always constant.
- C) The vast majority of those unemployed in any given year are frictionally unemployed.
- D) The vast majority of unemployment is frictional unemployment.
- E) None of the above.

Question # 5 The deviation of unemployment from its natural rate is:

- A) seasonal unemployment.
- B) cyclical unemployment.
- C) structural unemployment.
- D) frictional unemployment.
- E) none of the above.

Question # 6 Which of these policies are likely to reduce frictional unemployment?

- A) A reduction in unemployment benefit (or insurance).
- B) Worker retraining programs.
- C) Expansionary fiscal and or monetary policy.
- D) All of the above.
- E) None of the above.

Question # 7 The natural rate of unemployment is:

- A) a level of unemployment associated with severe depressions.
- B) a level of unemployment associated with strong expansionary periods.
- C) the normal level of unemployment that arises through labor force turnover and structural shifts in the economy.
- D) by definition, constant.
- E) none of the above.

Question # 8 An increase in the minimum wage legislation:

- A) will have no effect on the rate of unemployment, if the minimum wage is above the market clearing wage.
- B) is likely to cause greater unemployment amongst skilled workers.
- C) will increase unemployment, if the minimum wage is above the market clearing wage.
- D) all of the above.
- E) none of the above.

Question # 9 If a country's total adult (16 and over) population is 50 million, and the number of unemployed is 2 million, while the number of employed is 23 million, then:

- A) the unemployment rate is 4% and the labor force participation rate is 50%.
- B) the unemployment rate is 8.7%, and the labor force participation rate is 46%.
- C) the unemployment rate is 8%, and the labor force participation rate is 46%.
- D) the unemployment rate is 8%, and the labor force participation rate is 50%.
- E) none of the above.

Question # 10 Rosemary had taken early retirement at the age of 50. However, she has now fallen on hard times and has decided to search for a job. However, her skills are outdated and incompatible with the current technology and she has trouble finding a job. The BLS would define Rosemary as:

- A) not in the labor force.
- B) a discouraged worker.
- C) in the labor force, but unemployed.
- D) frictionally unemployed.
- E) cyclically unemployed.



Question # 11 Which one of the following persons would NOT be considered unemployed?

- A) An auto worker vacationing in Florida during the layoff period, before the production of new models begins next month.
- B) A college student actively searching for a summer job.
- C) A construction worker who has given up looking for work after 18 months without a job.
- D) A retiree looking for part-time work to supplement Social Security income.
- E) All of the above.

Question # 12 Which of the following people illustrate a case of structural unemployment?

- A) Joe, who has recently been laid off due to a fall in demand.
- B) Jane, who has resigned following a work dispute and is currently searching for a similar line of employment.
- C) Jenny, who is a full-time college student.
- D) Jean, who works part-time at an employment agency, but would like to work full-time if given the opportunity.
- E) John, who has lost his job, since his skills have become obsolete.

Question # 13 Discouraged workers:

- A) are considered unemployed.
- B) are considered employed but are no longer happy at their workplace.
- C) are considered to be part of the labor force.
- D) are often referred to as under-employed.
- E) are no longer counted as part of the labor force.