Unemployment PP

Multiple Choice
Identify the choice that best completes the statement or answers the question.

1. Employment in the labor force is defined as:
   A. the total labor force.
   B. the total population of working age.
   C. the total number of persons actively working.
   D. the total number of persons not unemployed.
   E. the total population of working minus the number of persons unemployed.

2. If a country has a working-age population of 200 million, 120 million people with jobs, and 30 million people unemployed and seeking employment, then its unemployment rate is:
   A. 5%.
   B. 7.5%.
   C. 15%.
   D. 20%.
   E. 30%

3. The labor force is equal to the:
   A. sum of the employed and the unemployed.
   B. population minus the number of employed.
   C. sum of the employed and the underemployed.
   D. number of people working in the economy.
   E. number of people in the economy above the age of 16.

4. Which of the following would describe a person who is counted as unemployed by the government?
   I. Stan does not have a job but is actively seeking employment.
   II. Beverly has a part-time job but would prefer a full-time job.
   III. Moesha does not have a job because she recently retired.
   A. I only.
   B. II only.
   C. III only.
   D. I and II only.
   E. I, II and III.

5. You are a college student who is not working or looking for work. You are:
   A. counted as unemployed.
   B. counted as a member of the labor force but not employed.
   C. not counted as part of the labor force.
   D. counted as employed.
   E. counted as marginally unemployed.

6. If the rate of unemployment is 10% and the labor force is 130 million, the number of unemployed workers is:
   A. 10%.
   B. 13 million.
   C. 10 million.
   D. 130 million.
   E. 130,000.
<table>
<thead>
<tr>
<th>Demographic Group</th>
<th>Number of Residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed</td>
<td>5000</td>
</tr>
<tr>
<td>Unemployed and looking for work</td>
<td>1000</td>
</tr>
<tr>
<td>Not working due to disability</td>
<td>200</td>
</tr>
<tr>
<td>Not working due to retirement</td>
<td>700</td>
</tr>
<tr>
<td>Unemployed and not looking for work due to discouragement over job prospects</td>
<td>500</td>
</tr>
<tr>
<td>Under the age of 16</td>
<td>2400</td>
</tr>
<tr>
<td>Total Population</td>
<td>9400</td>
</tr>
</tbody>
</table>

Table 12-3: Population Data for Madtucky

8. Use Table 12-3. How many people are in the labor force?
A. 6900
B. 9400
C. 7400
D. 6500
E. 6000

9. The official unemployment rate reported by the government may tend to understate the amount of unemployment by:
A. including discouraged workers in the calculations.
B. excluding discouraged workers who are not actively seeking employment.
C. including employed people over 65 in the calculations.
D. excluding teenagers from the calculations.
E. excluding the full-time students.

10. Which of the following is likely to lead to a large number of discouraged workers?
A. When the economy is expanding.
B. When the availability of jobs falls.
C. When the economy is experiencing inflation.
D. When the economy is experiencing deflation.
E. When real GDP is rapidly increasing.
11. Which of the following is an example of an unemployed worker?
A. Julio, a statistician who lost his job in a forecasting firm and now does consulting work part time.
B. Jennifer, an accountant who spends her days at home reading the *New York Times* and mailing her resume to accounting firms.
C. Ana Maria, a business major who received a job offer during her senior year but has yet to start working.
D. Ulysses, a high school dropout who joined the Army.
E. Freddy, recent a college graduate who is traveling in Europe for the next three months.

12. Anna recently moved to Boston in order for her husband Joe to begin a new job as an economics professor at Harvard. Anna is an experienced surgeon who is currently interviewing with several different hospitals in Boston. Anna is currently:
A. seasonally unemployed.
B. structurally unemployed.
C. cyclically unemployed.
D. counted as employed since she is likely to receive a job offer soon.
E. frictionally unemployed.

13. Last week Stephanie quit her job as a copy-writer at an advertising agency. She has spent the past few days browsing the help-wanted ads, but hasn't found anything that matches her skills. Stephanie is best classified as:
A. structurally unemployed.
B. frictionally unemployed.
C. a discouraged worker.
D. out of the labor force.
E. cyclically unemployed.

14. A worker classified as frictionally unemployed is one who is:
A. let go during a recession.
B. discouraged and drops out of the labor force.
C. voluntarily looking for work, somewhere a job exists that demands his or her skills.
D. works part-time but would prefer to work full-time.
E. let go because her employer has decided to move the factory to another country.

15. Structural unemployment is:
A. unemployment that results when there are more people seeking jobs than there are jobs available at the current wage rate.
B. unemployment experienced by those entering the labor force for the first time.
C. zero when the economy is in full employment.
D. caused by short run economic fluctuations.
E. the result of jobs that are predictably lost during certain parts of the calendar year.

*Figure 13-1: Minimum Wage*
16. Use the “Minimum Wage” Figure 13-1. The binding minimum wage of $P_3$ leads to unemployment of:
   A. $Q_3 - Q_1$.
   B. $Q_3 - Q_2$.
   C. zero.
   D. $Q_4 - Q_2$.
   E. $Q_4 - Q_1$.

17. Efficiency wages encourage:
   A. workers to look for a better job.
   B. potential workers to remain out of the labor force.
   C. workers to retain their current job.
   D. workers to get more job training.
   E. lower levels of unemployment.

18. The natural rate of unemployment is:
   A. the rate of unemployment that exists during recessions.
   B. equal to the sum of frictional and cyclical unemployment.
   C. equal to the sum of frictional and structural unemployment.
   D. cyclical unemployment less frictional unemployment.
   E. equal to the actual rate of unemployment less frictional unemployment.

19. The rate of unemployment that exists when the economy is at full employment is:
   A. zero.
   B. the natural rate of unemployment.
   C. the structural rate of unemployment.
   D. less than the full employment rate of unemployment.
   E. the cyclical rate of unemployment.

20. An example of cyclical unemployment is a(n):
   A. ski instructor who stops working at the ski resort in the spring when the snow melts.
   B. geologist who is permanently laid off from an oil company due to a new technological advance.
   C. worker at a fast-food restaurant who quits work and attends college.
   D. real estate agent who leaves a job in Texas and searches for a similar, higher paying job in California.
   E. autoworker who is laid off from an automobile company due to a decline in sales caused by a recession.
Unemployment PP
Answer Section

MULTIPLE CHOICE

1. ANS: C  
   SKL: Definitional
   PTS: 1  
   DIF: E  
   REF: Module 12

2. ANS: D  
   SKL: Critical Thinking
   PTS: 1  
   DIF: M  
   REF: Module 12

3. ANS: A  
   SKL: Definitional
   PTS: 1  
   DIF: M  
   REF: Module 12

4. ANS: A  
   SKL: Concept-Based
   PTS: 1  
   DIF: M  
   REF: Module 12

5. ANS: C  
   SKL: Concept-Based
   PTS: 1  
   DIF: E  
   REF: Module 12

6. ANS: B  
   SKL: Analytical Thinking
   PTS: 1  
   DIF: D  
   REF: Module 12

7. ANS: C  
   SKL: Critical Thinking
   PTS: 1  
   DIF: M  
   REF: Module 12

8. ANS: E  
   SKL: Critical Thinking
   PTS: 1  
   DIF: E  
   REF: Module 12

9. ANS: B  
   SKL: Fact-Based
   PTS: 1  
   DIF: M  
   REF: Module 12

10. ANS: B  
    SKL: Concept-Based
    PTS: 1  
    DIF: E  
    REF: Module 12

11. ANS: B  
    SKL: Critical Thinking
    PTS: 1  
    DIF: M  
    REF: Module 12

12. ANS: E  
    SKL: Critical Thinking
    PTS: 1  
    DIF: M  
    REF: Module 13

13. ANS: B  
    SKL: Concept-Based
    PTS: 1  
    DIF: M  
    REF: Module 13

14. ANS: C  
    SKL: Definitional
    PTS: 1  
    DIF: M  
    REF: Module 13

15. ANS: A  
    SKL: Definitional
    PTS: 1  
    DIF: E  
    REF: Module 13

16. ANS: E  
    SKL: Critical Thinking
    PTS: 1  
    DIF: M  
    REF: Module 13

17. ANS: C  
    SKL: Concept-Based
    PTS: 1  
    DIF: E  
    REF: Module 13

18. ANS: C  
    SKL: Definitional
    PTS: 1  
    DIF: E  
    REF: Module 13

19. ANS: B  
    SKL: Concept-Based
    PTS: 1  
    DIF: M  
    REF: Module 13

20. ANS: E  
    SKL: Critical Thinking
    PTS: 1  
    DIF: M  
    REF: Module 13