Quiz # 6
Dr. Nath

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

____ 1. The Bureau of Labor Statistics produces data on unemployment
   a. weekly.
   b. monthly.
   c. quarterly.
   d. yearly.

____ 2. For the Bureau of Labor Statistics to place someone in the “unemployed” category, that person must
   a. have worked 10 or fewer hours during the previous week.
   b. have tried to find employment during the previous year.
   c. not have been laid off.
   d. None of the above is correct.

Table 28-1
Labor Data for Wrexington

<table>
<thead>
<tr>
<th>Year</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult population</td>
<td>2000</td>
<td>3000</td>
<td>3200</td>
</tr>
<tr>
<td>Number of employed</td>
<td>1400</td>
<td>1300</td>
<td>1600</td>
</tr>
<tr>
<td>Number of unemployed</td>
<td>200</td>
<td>600</td>
<td>200</td>
</tr>
</tbody>
</table>

____ 3. **Refer to Table 28-1.** The labor force of Wrexington in 2004 was
   a. 1400.
   b. 1600.
   c. 1800.
   d. 2000.

____ 4. **Refer to Table 28-1.** The labor force of Wrexington
   a. increased from 2004 to 2005 and increased from 2005 to 2006.
   b. increased from 2004 to 2005 and decreased from 2005 to 2006.
   c. decreased from 2004 to 2005 and increased from 2005 to 2006.
   d. decreased from 2004 to 2005 and decreased from 2005 to 2006.

____ 5. In 2004, based on concepts similar to those used to estimate U.S. employment figures, the Swedish adult
   non-institutionalized population was 6.712 million, the labor force was 4.576 million, and the number of
   people employed was 4.276 million. According to these numbers, the Swedish labor-force participation rate
   and unemployment rate were about
   a. 63.7% and 4.5%.
   b. 63.7% and 6.6%.
   c. 68.2% and 4.5%.
   d. 68.2% and 6.6%.
6. Suppose some country had an adult population of about 46 million, a labor-force participation rate of 75 percent, and an unemployment rate of 8 percent. How many people were unemployed?
   a. 2.54 million
   b. 2.76 million
   c. 3.68 million
   d. 8 million

7. Unemployment that exists because there is a shortage of jobs is
   a. frictional unemployment, which contributes to the natural rate of unemployment.
   b. frictional unemployment, which does not contribute to the natural rate of unemployment.
   c. structural unemployment, which contributes to the natural rate of unemployment.
   d. structural unemployment, which does not contribute to the natural rate of unemployment.

8. Meredith is looking for work as a computer programmer. Although her prospects are good, she hasn't yet taken a job. Julie is looking for work in a steel mill. Every time she shows up for an interview, there are more people looking for work than there are openings. Someone waiting in line with her tells her it has been that way for a long time.
   a. Meredith and Julie are both frictionally unemployed.
   b. Meredith and Julie are both structurally unemployed.
   c. Meredith is frictionally unemployed, and Julie is structurally unemployed.
   d. Meredith is structurally unemployed, and Julie is frictionally unemployed.

9. Job search
   a. is one reason economies always experience some unemployment.
   b. is the process of matching workers with appropriate jobs.
   c. would not be a problem if all workers and all jobs were the same.
   d. All of the above are correct.

10. Consumers decide to buy more computers and fewer typewriters. As a result, computer companies expand production while typewriter companies lay-off workers. This is an example of
    a. frictional unemployment created by efficiency wages.
    b. frictional unemployment created by sectoral shifts.
    c. structural unemployment created by efficiency wages.
    d. structural unemployment created by sectoral shifts.
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Answer Section

MULTIPLE CHOICE

1. ANS: B  PTS: 1  DIF: 1  REF: 28-1
   MSC: Definitional

2. ANS: D  PTS: 1  DIF: 2  REF: 28-1
   MSC: Interpretive

3. ANS: B  PTS: 1  DIF: 2  REF: 28-1
   NAT: Analytic  LOC: The study of economics and definitions in economics  TOP: Labor force
   MSC: Applicative

4. ANS: B  PTS: 1  DIF: 2  REF: 28-1
   NAT: Analytic  LOC: The study of economics and definitions in economics  TOP: Labor force
   MSC: Applicative

5. ANS: D  PTS: 1  DIF: 2  REF: 28-1
   NAT: Analytic  LOC: Unemployment and inflation  TOP: Labor-force participation rate | Unemployment rate
   MSC: Applicative

6. ANS: B  PTS: 1  DIF: 3  REF: 28-1
   NAT: Analytic  LOC: Unemployment and inflation  TOP: Unemployment
   MSC: Analytical

7. ANS: C  PTS: 1  DIF: 2  REF: 28-2
   NAT: Analytic  LOC: Unemployment and inflation  TOP: Structural unemployment | Natural rate of unemployment
   MSC: Interpretive

8. ANS: C  PTS: 1  DIF: 2  REF: 28-1
   NAT: Analytic  LOC: Unemployment and inflation  TOP: Frictional unemployment | Structural unemployment
   MSC: Interpretive

9. ANS: D  PTS: 1  DIF: 2  REF: 28-2
   NAT: Analytic  LOC: Unemployment and inflation  TOP: Job search
   MSC: Interpretive

10. ANS: B  PTS: 1  DIF: 2  REF: 28-2
    NAT: Analytic  LOC: Unemployment and inflation  TOP: Frictional unemployment | Sectoral shifts
    MSC: Interpretive