

BPE MAC1 Macroeconomics 1 – Spring Semester 2011

Tutorial Session 5 - 25.03.2011, 11:05-11:50 a.m.

Matching

- a. Natural rate of unemployment
- b. Cyclical unemployment
- c. Labor force
- d. Unemployment rate
- e. Labor-force participation rate
- f. Discouraged workers
- g. Structural unemployment
- h. Union
- i. Collective bargaining
- j. Strike
- k. Insiders
- l. Outsiders
- m. Efficiency wages
- n. Reservation wage
- o. Frictional unemployment
- p. Sectoral shifts
- q. National insurance

- ___ 1. Workers who stop looking for job due to an unsuccessful search
- ___ 2. The deviation of the unemployment rate from its natural rate
- ___ 3. Wages voluntarily paid in excess of the competitive equilibrium wage to increase worker productivity
- ___ 4. Changes in the composition of demand across industries or regions
- ___ 5. The lowest wage a worker will accept
- ___ 6. Unemployment due to the time it takes for workers to search for jobs that best suit their tastes and skills
- ___ 7. Normal rate of unemployment about which the unemployment rate fluctuates
- ___ 8. Percentage of the adult population in the labor force
- ___ 9. An organized withdrawal of labor from the firm
- ___ 10. Worker association that bargains with employers over wages and working conditions
- ___ 11. Those employed in union jobs
- ___ 12. A government programme that pays laid off workers benefit when they are unemployed
- ___ 13. The total number of workers, which is the sum of the unemployed and the employed
- ___ 14. Unemployment that results because the number of jobs available in some labor market is insufficient for everyone who wants a job to get one
- ___ 15. Percentage of the labor force that is unemployed
- ___ 16. The process by which unions and firms agree on labor contracts
- ___ 17. Those not employed in union jobs

Multiple Choice

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

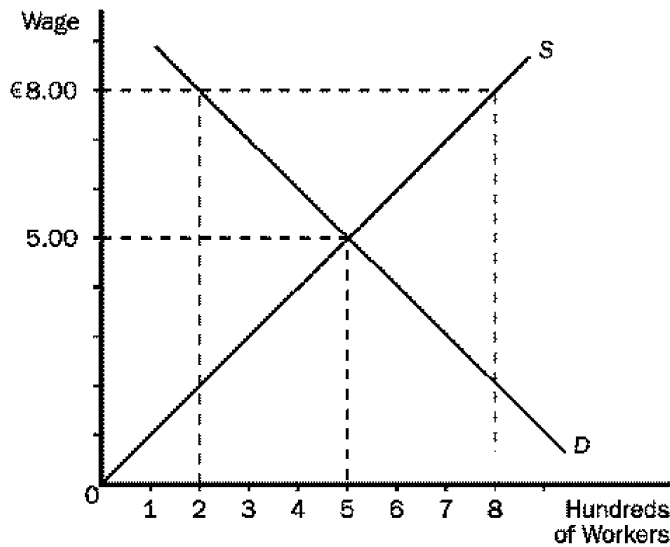
- ___ 18. Roberto recently completed his university degree and is entering the labour market for the first time. He has been submitting applications and has been interviewed twice in the last two weeks, but so far has not found a job. Roberto could be classified as
- frictionally unemployed.
 - seasonally unemployed.
 - structurally unemployed.
 - cyclically unemployed.

- ___ 19. The data below are data from the official statistics office of Exland. How large is the labour force in Exland?

Number of workers employed	8,400
Frictional unemployment	250
Structural unemployment	350
Cyclical unemployment	600
Discouraged workers	400
Adult population	12,000

- 7,550.
 - 8,000.
 - 8,400.
 - 9,600
- ___ 20. Still looking at the official statistics for Exland, what is the unemployment rate in Exland?
- 12.5 percent.
 - 15 percent.
 - 16 percent.
 - 24 percent.
- ___ 21. Still looking at the official statistics for Exland, what is the labour force participation rate in Exland?
- 12.5 percent.
 - 25 percent.
 - 60 percent.
 - 80 percent.
- ___ 22. Brian Vargo, an actor, who remains unemployed because he has given up looking for work is
- counted as part of the labour force and is unemployed.
 - considered frictionally unemployed.
 - an under-employed worker.
 - not counted as part of the labour force.
- ___ 23. Markus is a low-skilled worker who washes dishes in a local restaurant. He is worried about a proposed increase in the minimum wage because price
- floors tend to create shortages.
 - ceilings tend to create shortages.
 - floors tend to reduce quantity demanded.
 - ceilings tend to reduce quantity demanded.

- ___ 24. If the market for day care workers is in equilibrium at €5.00 per hour as shown in this diagram, a minimum wage of €8.00 per hour will increase unemployment by



- a. 300 workers.
b. 500 workers.
c. 600 workers.
d. no workers.
- ___ 25. Consider two labour markets in which jobs are equally attractive in all respects other than the wage rate. All workers are equally able to do either job. Initially, both labour markets are perfectly competitive. If a union organizes workers in one of the markets, then the wage rates will tend to
- a. rise in both markets.
b. fall in both markets
c. rise for the union jobs, but remain unchanged for the non-union jobs.
d. rise for the union jobs and fall for the non-union jobs.
- ___ 26. Unions might increase efficiency in the case where they
- a. raise the wage for insiders above the competitive equilibrium.
b. threaten a strike but don't actually go on strike, so there are no lost hours of work.
c. lower the wage of local outsiders.
d. offset the market power of a large firm that is the dominant employer in a region or industry.
- ___ 27. A potential problem with efficiency wages is that if all firms try to do it
- a. no one will have a job.
b. unemployment will occur.
c. workers will have higher salaries than managers.
d. unions will go on strike against them.

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Answer Section

MATCHING

- | | |
|------------|--------|
| 1. ANS: F | PTS: 1 |
| 2. ANS: B | PTS: 1 |
| 3. ANS: M | PTS: 1 |
| 4. ANS: P | PTS: 1 |
| 5. ANS: N | PTS: 1 |
| 6. ANS: O | PTS: 1 |
| 7. ANS: A | PTS: 1 |
| 8. ANS: E | PTS: 1 |
| 9. ANS: J | PTS: 1 |
| 10. ANS: H | PTS: 1 |
| 11. ANS: K | PTS: 1 |
| 12. ANS: Q | PTS: 1 |
| 13. ANS: C | PTS: 1 |
| 14. ANS: G | PTS: 1 |
| 15. ANS: D | PTS: 1 |
| 16. ANS: I | PTS: 1 |
| 17. ANS: L | PTS: 1 |

MULTIPLE CHOICE

18. ANS: A
frictionally unemployed.
- PTS: 1
19. ANS: D
9,600.
- PTS: 1
20. ANS: A
12.5 percent.
- PTS: 1
21. ANS: D
80 percent.
- PTS: 1
22. ANS: D
not counted as part of the labour force.
- PTS: 1
23. ANS: C
floors tend to reduce quantity demanded.
- PTS: 1

24. ANS: C
600 workers.

PTS: 1

25. ANS: D
rise for the union jobs and fall for the non-union jobs.

PTS: 1

26. ANS: D
offset the market power of a large firm that is the dominant employer in a region or industry.

PTS: 1

27. ANS: B
unemployment will occur.

PTS: 1