

Name: \_\_\_\_\_ Date: \_\_\_\_\_

1. Which of the following individuals can be counted as unemployed?
  - A) Darren, a ten-year-old child
  - B) Moesha, a full-time college student
  - C) Nazma, a stay-at-home mom
  - D) None of the answers is correct.
  
2. Which of the following individuals can be counted as part of the labor force?
  - A) Dawnelle, who retired four months ago
  - B) Meredith, who is collecting unemployment benefits
  - C) Damien, who just celebrated his fifteenth birthday
  - D) Silvia, who is on active military duty in Iraq
  
3. An unemployed person is best defined as an adult who:
  - A) does not have a job but is looking for work.
  - B) is working fewer hours than she wants to.
  - C) is a full-time homemaker or a full-time student and is therefore not working.
  - D) has given up looking for work after being laid off for a long period of time.
  
4. What is the term for workers who have given up looking for a job, but would still like one?
  - A) jobless workers
  - B) discouraged workers
  - C) laid off workers
  - D) discarded workers
  
5. The short-term unemployment caused by the ordinary difficulties of matching employee to employer is called:
  - A) frictional unemployment.
  - B) structural unemployment.
  - C) cyclical unemployment.
  - D) seasonal unemployment.
  
6. Oil shocks, the shift from manufacturing to service jobs, and the use of new technologies are reasons for \_\_\_\_\_ unemployment.
  - A) frictional
  - B) cyclical
  - C) structural
  - D) permanent

7. Higher unemployment benefits tend to:
- A) increase the unemployment rate.
  - B) reduce the unemployment rate.
  - C) have no impact on the unemployment rate.
  - D) increase the unemployment rate, *or* decrease the unemployment rate, *or* leave the unemployment rate unchanged. It's not possible to tell without further information.
8. During recessions the unemployment rate:
- A) decreases.
  - B) increases.
  - C) remains relatively constant.
  - D) fluctuates randomly.

Use the following to answer question 9:

**Table: Unemployment Statistics for Country X**

Type of Unemployment	1995	2005
Frictional unemployment	1.5%	1%
Cyclical unemployment	3.4%	4.7%
Structural unemployment	2.5%	1.9%

9. (Table: Unemployment Statistics for Country X) Using the data in the table above, what is the natural unemployment rate for this country in the year 1995?
- A) 1.5%
  - B) 4%
  - C) 3.4%
  - D) 2.5%
10. What type of unemployment can increase or decrease dramatically in a few months?
- A) frictional
  - B) structural
  - C) cyclical
  - D) All of the answers are correct.

## **Answer Key**

1. D
2. B
3. A
4. B
5. A
6. C
7. A
8. B
9. B
10. C