

Reflection Essay: A hard copy of your essay is **due no later than 3 pm on Friday, May 2nd**. You are welcome to turn in your essay in class any time up through the last day of class on April 30th. Otherwise, you must drop off a hard copy of your essay at my office (Downes Memorial 301) before 3 pm on the 2nd of May. (Please note that I cannot accept a digital copy of your essay.)

Length of Your Essay: Your essay should be roughly 500 words long (2 pages, double-spaced, 12 point Times New Roman font, 1-inch margins). This does not include any diagrams or illustrations that are part of your essay.

Evaluation of Your Essay: Your grade will be based on the following criteria:

- i) completeness of your essay, covering all the questions noted in the assignment;
- ii) the thoroughness, accuracy, clarity, and organization of your analysis; and
- iii) how well your essay is written for a student who is new to economics, with minimal grammatical and typographical errors.

Essay 1:

Your friend listens to the podcast (with the transcript attached below) by the host of *The Journal*, Patrick Thomas and Jessica Mendoza. This interview discusses the economic impact Bird Flu is having on the supply of eggs and, thus, the price of goods containing eggs. The podcast talks with Daquan, a cafe owner in Richmond, Virginia who has been directly affected by the egg shortage. He has had to alter the prices of his meals as the total cost of producing them has increased with the increased price of eggs. Your friend, who has never taken an economics course, is confused as to why the prices of Daquan's meals have changed.

1. Read the attached transcript or listen to the podcast (the link to the podcast is above).
 - a. Explain to your friend the idea of the supply and demand of eggs.
 - b. Now, take your friend through the analysis of the egg shortage using supply and demand. First, identify the initial shock to the egg market and explain to your friend whether this shock is a supply-side or demand-side shock. Second, take your friend through a step-by-step analysis of the shock and how it results in a shortage. Third, explain the results: what happens to the equilibrium price and quantity of eggs?
 - c. Finally, think about how an increase in the cost of eggs affects the breakfast café market. Illustrate how the change in the price of eggs affects this market. Be sure to identify whether the change is on the supply side or the demand side. What factors will influence by how much the price of the typical egg dish on the breakfast menu goes up?
2. Now think about the solution presented by Jessica Mendoza in which chickens are vaccinated against Bird Flu.
 - a. The vaccination of 300 million chickens would be beneficial for the farmers, especially egg producers, but it would also help others. Using the concept of positive externalities, explain the idea of a positive spillover effect for others. Given the presence of this externality, should egg farmers pay the full cost of vaccinations or should they be subsidized? Why or why not? Please explain to your friend, who has never heard of the term "externalities."

Essay 2:

Your friend reads the attached article in *The Economist*, "American men are getting back to work." The article is from fall 2024 and discusses a recent increase in the male labor force participation rate (LFPR). Although the recent increase is a positive development, the U.S. still lags behind in men's labor force participation in comparison to other similar economies. So, as the author argues: "there is still work to be done."

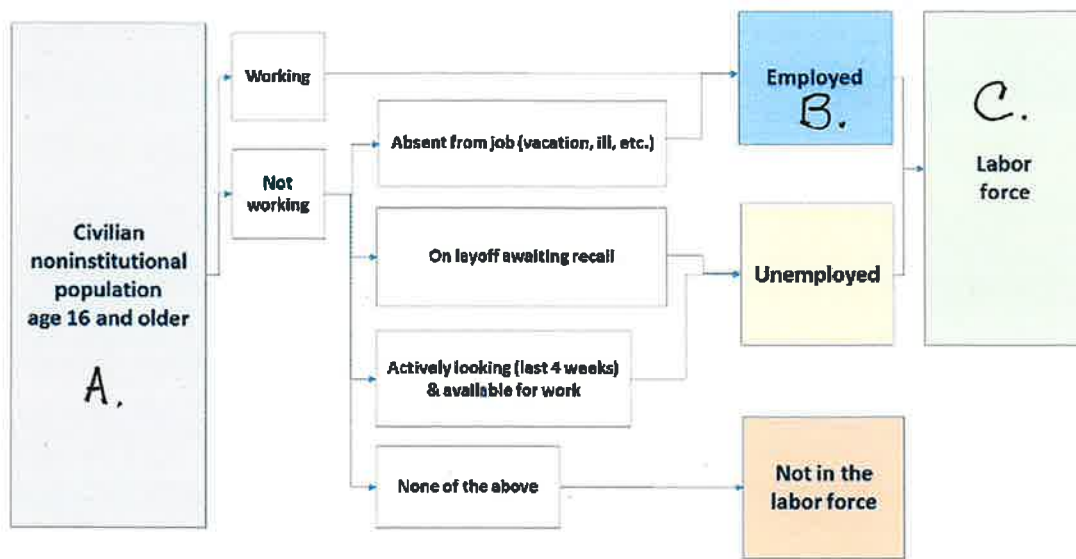
Remember that in the labor market (like any other market) there is a demand curve (that represents the demand for labor by employers) and a supply curve (that represents the supply of labor by households). Demand and supply together determine the typical wages for workers and the number of workers employed.

This outcome allows us to calculate different measures that tell us something about the health of the U.S. labor market, such as, the LFPR and the employment rate. The Bureau of Labor Statistics (BLS) defines carefully each measure:

- A. **Civilian Noninstitutional Population:** “The civilian noninstitutional population age 16 and older is the base population group, or universe, used for. . . statistics published by BLS.” It excludes the following groups from the total population to arrive at a number: active duty members of the U.S. Armed Forces and people confined to, or living in, institutions or facilities, such as prisons, jails, and other correctional institutions and residential care facilities such as skilled nursing homes.
- B. **Labor Force Participation Rate:** “The labor force participation rate represents the number of people in the labor force as a percentage of the civilian noninstitutional population. In other words, the participation rate is the percentage of the population that is either working or actively looking for work.”
 - i. **Formula:** $(\text{Labor Force} \div \text{Civilian Noninstitutional Population}) \times 100$
(The article restricts the population to people between the ages of 25 and 54, i.e., the prime-age civilian noninstitutional population.)
- C. **Employment-population ratio:** The employment-population ratio represents the number of employed people as a percentage of the civilian noninstitutional population. In other words, it is the percentage of the population that is currently working.
 - i. **Formula:** $(\text{Employed} \div \text{Civilian Noninstitutional Population}) \times 100$

Please see the diagram on the next page for a visual of these measures.

1. The author discusses possible reasons for low male LFPR in the U.S. as coming from both the demand side and the supply side of the labor market. (In other words, changes in the demand for labor and changes in the supply of labor may both contribute to low LFPR.) Explain carefully to your friend, who is not familiar with economics, what the author means by “demand-side” reasons and “supply-side” reasons. Give examples of each type of reason from the article.
 - a. The author claims that the persistence of low male LFPR across business cycles disproves the demand side explanation for low LFPR. What do economists mean by “persistence across business cycles”? Why might this suggest that there is more to the story of low LFPR than demand side factors?
 - b. Think about the three types of unemployment that we discussed in class (frictional, structural, and cyclical). If LFPR remains low across business cycles, which type of unemployment may be the most important for understanding the low male LFPR? Please explain to your friend why this might be important for policy makers.
2. The recent recovery from the Covid-19 pandemic suggests that there have been some important changes in the U.S. labor market, contributing to a boost in the male LFPR. Identify and briefly explain the changes on both sides of the labor market that have contributed to the rebound of the male LFPR in the U.S.
 - a. One of the unusual things about the recent recovery is the simultaneous increase in the LFPR *and* the employment rate for men in the U.S. Which set of factors (on the demand side or on the supply side) do you think are the most important in explaining this simultaneous increase? In your answer, please be sure to explain to your friend the difference between an increase in the employment rate and an increase in the labor force participation rate.
 - b. Lastly, when might it be more important to pay attention to the employment rate than the LFPR? And why? (This is a more open-ended question with the possibility of different answers. Have fun with it!)



$$\text{LFPR} = C/A \times 100$$

This rate can be calculated separately for men and women.

$$\text{Employment-Population Ratio} = B/A \times 100$$

(employment rate)

This rate can also be calculated for men and women.

TRANSCRIPT FOR ESSAY 1

“An Eggspensive Dilemma,” WSJ Podcasts, *The Journal* – Full Transcript

This transcript was prepared by a transcription service. This version may not be in its final form and may be updated.

Jessica Mendoza: At the RVA Cafe in Richmond, Virginia, omelet pans are popping. In the kitchen, Daquan Woodberry is cracking, frying, and whisking eggs. Lots and lots of eggs.

Daquan Woodberry: I mean, it's the basis of American breakfast. So I mean, everything comes with eggs and even things that you don't realize comes with eggs, because you'll see chicken and waffles and everybody's like, oh, okay, well, you don't really think about eggs in that.

Jessica Mendoza: Eggs are also in Daquan's pancake batter, his banana nut muffins. They're in the egg wash, the breakfast sandwiches, the signature scramble. Can you actually list off the things that might contain eggs on your menu?

Daquan Woodberry: Our Good Morning, which is our simple eggs, meat, toast. You have the Hangry Breakfast. That's a big breakfast that comes with eggs. And then somebody else ordered an omelet. So right there, that's eight eggs on one ticket. So it's everything. It doesn't stop.

Jessica Mendoza: Put another way, Daquan's brunch cafe runs on eggs.

Daquan Woodberry: Eggs, eggs, eggs, eggs, and more eggs. Yeah, just on a good week, we're cracking at least 3,000 eggs.

Jessica Mendoza: 3000 eggs?

Daquan Woodberry: And maybe up from there.

Jessica Mendoza: But in the last few months, Daquan's reliance on eggs has become a Grade A problem for his business. The average cost of a dozen eggs has jumped to historic levels.

Daquan Woodberry: Even taking it back to the beginning of last year, so just a quick 12 months ago, I would say our normal case of 15 dozen eggs was generally somewhere around 40-ish dollars.

Jessica Mendoza: Right now, at the wholesale suppliers where Daquan usually gets his eggs, he's been quoted prices for the same case that range from 120 to \$189.

Daquan Woodberry: And you're looking at it and you're like, so what do you do?

Jessica Mendoza: Welcome to The Journal, our show about money, business, and power. I'm Jessica Mendoza. It's Tuesday, February 25th. Coming up on the show, cracking the conundrum of egg prices. To quote an iconic ad from the American Egg Board, I love eggs.

MUSIC: I love eggs. From my head down to my legs.

Speaker 4: (inaudible).

Jessica Mendoza: I will take them scrambled, sunny side up, poached. I just love them. Just like so many Americans do.

MUSIC: Oh, you got to love it. The incredible, edible egg.

Jessica Mendoza: Here's The Journal's resident eggspert, Patrick Thomas. How much do Americans love eggs, Patrick?

Patrick Thomas: Eggs are just so ubiquitous. That's what's for breakfast, right? Americans generally have about 279 eggs a year, so about six a week.

Jessica Mendoza: The humble egg occupies a dependable rung on what Patrick calls the protein ladder.

Patrick Thomas: Steak is always the most expensive, followed by pork, which has always kind of had its weird middle ground between chicken and beef. Chicken is always the cheaper of those meats. And then you have eggs, which loves to fancy itself as the cheapest protein. When we're in a depression, a recession, people tend to go buy eggs because it was even cheaper than chicken when times were really hard.

Jessica Mendoza: But right now, egg prices at stores across the country are sky-high. According to U.S. government data, a dozen eggs cost an average of \$5 these days, and in some places it's even higher. Last year, eggs averaged at about \$3 a dozen. So what's the one big reason that eggs have gotten so expensive?

Patrick Thomas: The number one reason is the bird flu outbreak.

Speaker 5: Bird flu cases soaring once again in the U.S. To make matters worse, a new strain of the virus has been detected in California.

Speaker 6: According to the USDA, avian flu has been confirmed in 146 flocks in the past month, affecting more than 20 million birds.

Jessica Mendoza: The virus mostly spreads through contact with infected wild birds and their droppings. Farmers have installed things like lasers and sound cannons to keep the wild birds away from their chickens, and the government has provided more than a billion dollars in support. But once the virus does infect a chicken farm, there's been one main strategy for controlling the outbreak.

Patrick Thomas: Once it is confirmed in a flock, you just kill the whole flock. So when one barn gets infected, you might be putting down 4 million hens at a time.

Jessica Mendoza: That's so many.

Patrick Thomas: Yeah, it's a lot. It has just been absolutely devastating for egg farmers, producers. The whole supply chain over really since the start of 2022 is when we first started hearing about it pop up again, but it has not gone away. There's little sign that it is going to go anywhere.

Jessica Mendoza: Now there's a growing sense that in the U.S., the outbreak has gotten out of control. The virus has started jumping to other species.

Speaker 7: Five more possible cases of the bird flu in cats.

Speaker 8: The contagious virus has infected hundreds of dairy herds this year.

Speaker 9: Right now, it is not spreading human to human, thank goodness. Right now, it's not killing a lot of people, thank goodness. But those are two things that can change on a dime.

Jessica Mendoza: As of January, there have been nearly 70 confirmed human cases of bird flu in the United States. And a patient admitted to a hospital in Louisiana became the first U.S. Death from the virus. But the Centers for Disease Control and Prevention says that the current public health risk is low. The patient who died was elderly and had underlying medical conditions, and most of those who were infected worked on poultry or dairy farms. The CDC says it's watching the situation carefully and working with states to monitor people with animal exposure. The persistence of this outbreak has meant that farmers have had to wipe out flock after flock of birds. Do we know how many chickens have been culled or put down in this particular outbreak?

Patrick Thomas: It's about 160 million commercial chickens and turkeys. Just chickens, it's over 120 million egg-laying hens.

Jessica Mendoza: And wiping out millions of egg-laying hens means a lot fewer eggs, which is how we get those higher prices. Has that high price affected demand?

Patrick Thomas: The funny thing is, not really. Consumers have always just kept buying eggs. Think about it. There's not that many things you can just substitute for it. (inaudible), there's not another ingredient that comes to mind. There are some other products or fake egg products, but they tend to be a little bit pricier. There's just no good substitute for eggs.

Jessica Mendoza: I ask Daquan, the cafe owner in Richmond, about the possibility of eggless brunch. Have you thought about, I don't know, making food without eggs or finding some kind of substitute for it?

Daquan Woodberry: Yeah, it's like, you say that, but then what?

Jessica Mendoza: Right. What do you substitute for eggs? And Daquan's customers still want their omelets and French toast. That's why he's had to make a tough decision, something breakfast chains like Waffle House and Denny's have also done; tack on an egg surcharge.

Daquan Woodberry: Yeah, so recently we've gone up about a dollar on each of our menu items that includes eggs. And the demand is always going to be there, so we've increased our prices, but that doesn't stop people from buying it necessarily. So they still want it.

Jessica Mendoza: People still want eggs with their breakfast?

Daquan Woodberry: Yes, it is what it is.

Jessica Mendoza: What are you hoping for in this situation?

Daquan Woodberry: Just general relief. A plan. I feel like in a general sense, we're getting educated on why the egg prices are what they are, but okay, how are we going to solve it? What's the fix?

Jessica Mendoza: One fix, Patrick says, could be something that the poultry industry has refused to consider for a long time.

Patrick Thomas: And there is something out there that they haven't tried.

Jessica Mendoza: What's that?

Patrick Thomas: They have not tried to vaccinate the birds for bird flu.

Jessica Mendoza: Why not? That's after the break. One possible solution to the rapidly spreading Bird Flu is a vaccine for poultry. But that idea has faced a lot of opposition for years, and there's two main reasons why. First, it's a logistical nightmare considering there are 300 million egg-laying hens in the U.S. What does a mass vaccination of chickens even look like for 300 million chickens?

Patrick Thomas: Well, especially if you're a cage-free operation or a pasture-raised egg operation, you're going to literally have to chase the chicken in some of those barns. So it's more complicated than I think some people think we can flip a switch and just vaccinate.

Jessica Mendoza: The bigger concern though is that a chicken vaccination program could jeopardize America's \$5 billion market for broiler chickens or chicken meat.

Patrick Thomas: The reasoning is a bit complex, but it boils down to this, and that's that all of the other countries that import poultry products from the U.S. would have to sign off on our vaccination strategy. So they would have to approve the vaccine we are using, how we are surveilling the birds after it's administered, all of those different types of nuances of vaccinating an animal, and essentially we'd individually have to go to the more than 150 trading partners of the United States to do such a thing.

Jessica Mendoza: Why wouldn't other countries just embrace the idea of U.S. vaccinated chickens or chicken products? What's the issue there?

Patrick Thomas: The general fear is that vaccines do not completely prevent infection and could mask the disease's presence. So it's always a safety concern of whether we're bringing the virus into their country.

Jessica Mendoza: But these concerns affect one part of the poultry industry more than the other because there are two camps in the chicken business, the egg people and the broiler chicken people. For a long time, these two camps were on the same page. In 2022, they were telling Patrick that any plan to vaccinate chickens would never fly. But today, egg producers are getting desperate. Many want to vaccinate the flocks and it's put them at odds with the broiler industry.

Patrick Thomas: The egg industry has really changed their tune, just it has been a breaking point for them. They say it would basically be more worth it to vaccinate their flocks and not have to worry about infection than lose out on their exports. So the egg industry is willing to bite the bullet on that. But the broiler chicken industry, the Tyson Foods, Purdue Farms, Pilgrim's Pride, those guys are not willing to lose out on exports because that is a huge deal to their bottom line to have that market.

Jessica Mendoza: So there's a split in the poultry industry over vaccinations?

Patrick Thomas: There's a split in the poultry industry, yes, over vaccinations.

Jessica Mendoza: And this is giving rise to a new debate when it comes to vaccines, which industry should come first? The chickens or the eggs? And then earlier this month, the Trump administration signaled it might move away from culling and towards vaccines.

Speaker 10: And tonight, there's a new approach to fight the bird flu and it's being considered by the U.S. Department of Agriculture.

Speaker 11: The Agriculture Department has issued a conditional license to a company to produce a vaccine for chickens.

Jessica Mendoza: Shortly after, the head of President Trump's economic council talked about solving the egg shortage. Here's Kevin Hassett on CBS's Face the Nation.

Kevin Hassett: And so you go, I just went to the grocery store. I shopped for our family, in part because I love to look at prices. And there were no eggs at the store yesterday, just a few. And-

Patrick Thomas: So Kevin Hassett said that essentially that the administration wanted to find new ways to address the bird flu outbreak.

Kevin Hassett: And so what we need to do is have better ways with biosecurity and medication and so on to make-

Patrick Thomas: So by medicate, I think everybody assumed he meant vaccination. There's no Tamiflu for birds here in this situation, but we don't really know what they're talking about yet.

Jessica Mendoza: And to be clear, even the USDA's conditional approval for a vaccine doesn't mean there are plans to administer doses yet. The vaccine hasn't been authorized for use on farms and poultry producers can't buy it. The Trump administration says it's committed to safeguarding poultry farms and keeping egg prices affordable, and the USDA plans to roll out a strategy in the coming days. Caveats aside, Patrick says vaccination has more momentum than he's ever seen, with many in the egg industry behind it.

Patrick Thomas: I will be perfectly frank. I did not think we were going to get here two years ago. So the fact that we are talking about it is pretty remarkable. Two years ago, at least when I was talking to people, they're like, people toss it out. It was really talked about as unfathomable that we would actually reach the point of vaccinating layer hens and now it's like, nope, we got to do it. There's a lot of nuance to it, but we are closer than ever to vaccination.

Jessica Mendoza: Still, until there's a way to curb this bird flu outbreak or get cheaper eggs from elsewhere, Americans may just have to keep shelling out for pricey eggs. Back in Richmond, Virginia, Daquan Woodberry is thinking about how he's going to deal with these higher prices as time goes on. And he's considering a whole new dining concept.

Daquan Woodberry: Maybe our star isn't breakfast anymore. So it's like, well, is that where we go? Do we lean more on the coffee? Coffee is kind of a side gig for us, but our brand is breakfast. Do we start saying, hey, can we rebrand ourselves into something that's like, hey, you can get an egg sandwich, but you don't have to. Maybe our culture now doesn't eat eggs as much.

Jessica Mendoza: The way Daquan is talking, it's like the American breakfast itself is now at a crossroads. Call it an eggsistential crisis. I don't like this future that you're painting for us. That is a dark... I love eggs. Daquan, thank you so much for taking the time to chat with us.

Daquan Woodberry: Thank you. I appreciate you guys having me, and I look forward to eggspectations that the prices will go down.

Jessica Mendoza: Before you go, we've updated the episode to clarify the price range for a case of 15 dozen eggs, which can be more expensive at wholesalers than retail. Daquan showed us quotes he received from his vendor that range from 120 to \$189 from day to day. That's all for today, Tuesday, February 25th. The Journal is a co-production of Spotify and the Wall Street Journal. If you like our show, follow us on Spotify or wherever you get your podcasts. We're out every weekday afternoon. Thanks for listening. See you tomorrow.

ARTICLE FOR ESSAY 2

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American men are getting back to work

The ultra-gloomy picture painted by politicians is no longer accurate



PHOTOGRAPH: SCOTT MCINTYRE/THE NEW YORK TIMES/REDUX/EYEVINE

Oct 31st 2024 | WASHINGTON, DC

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AMERICA'S POLITICIANS have long worried about the rising share of men out of work. More on the sidelines means slower economic growth, heftier benefit payments and a frailer social fabric. During the election campaign, both candidates have offered policies designed to tackle this long-standing problem. Donald Trump proposes sweeping tariffs and clamping down on illegal immigration. Kamala Harris vows to revive traditional male sectors, not least manufacturing.

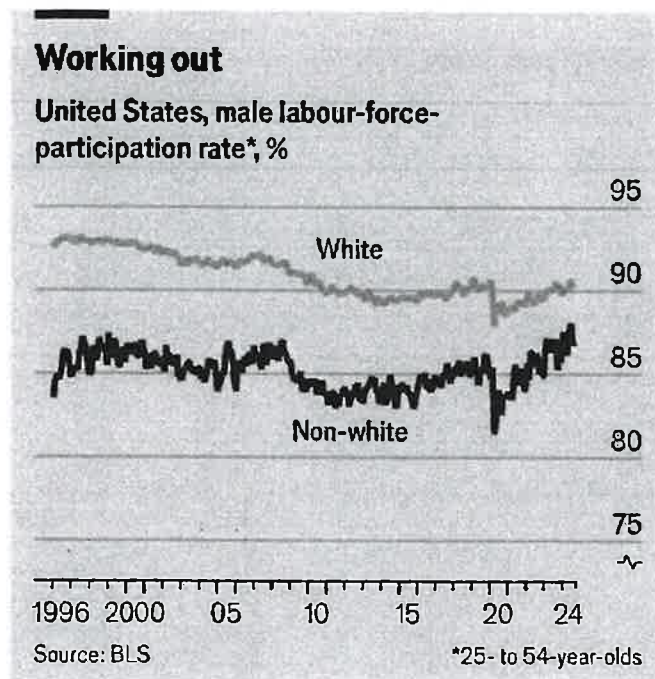


CHART: THE ECONOMIST

What the two candidates fail to notice is a recent trend in the labour market: men are getting back to work without such disruptive policies. The share of male Americans either in employment or looking for work had been falling for decades, shaping political perceptions. In the 1960s some 97% of prime-age men—those between 25 and 54—were economically active. By 2015 just 88% were. Since 2021, however, the share of prime-age men in the workforce has increased by two percentage points, reaching its highest since the global financial crisis of 2007-09. The

improvement has been particularly pronounced among non-white workers, whose labour-force-participation rate is higher today than at any point over the past three decades.

What caused the initial exit from the workforce? Some economists argue that the problem was on the demand side, with automation and globalisation reducing the need for low-skilled workers. But the problem's persistence across business cycles suggests that this does not offer a complete explanation. Others point to supply-

side causes, such as the greater availability of disability insurance and the spread of opioids. Indeed, Alan Krueger of Princeton University found that nearly half of prime-age men out of the labour force in 2016 took pain medication every day.

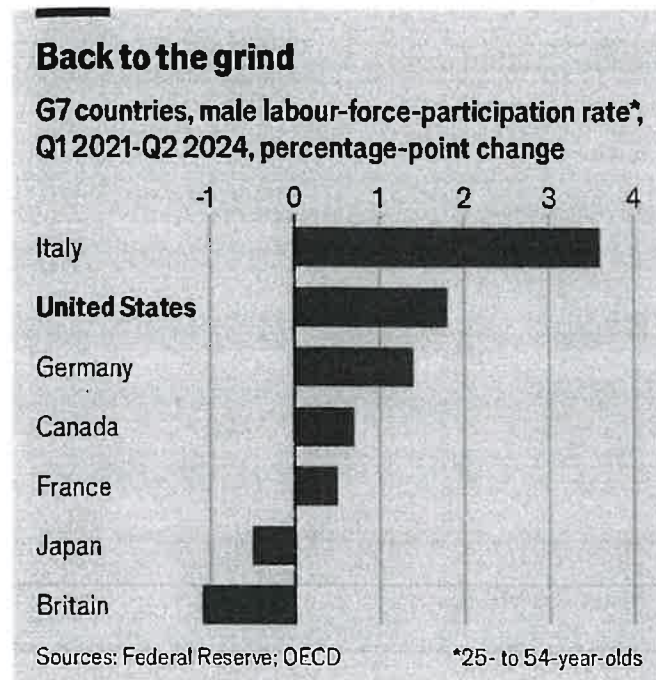


CHART: THE ECONOMIST

Since the covid-19 pandemic, America's booming economy has increased demand for workers, creating opportunities for low-skilled men. Over the past three years America has seen some of the fastest growth in male labour-force participation in the OECD club of mostly rich countries, which has occurred alongside an unprecedented rebound in the male employment rate. In most recessions the employment rate for working-age men falls and never fully returns to its previous level. This time has been different. Lavish stimulus and loose

monetary policy during the pandemic have supercharged demand.

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Supply-side factors also seem to have helped with the turnaround. For decades, the share of men receiving disability-insurance benefits increased along with economic inactivity. In 2015 nearly 4.6m men below the retirement age were on the disability-insurance rolls. By last year that number had fallen to 3.7m. Over the same period the number of men who cited disability as a reason for not being in

the workforce dropped by 500,000. Monitoring of disability insurance has

become more stringent. Less positively, as America has aged many men have transferred from disability to retirement benefits.

There is still progress to be made. America's male labour-force-participation rate remains relatively low, lagging behind countries including Britain, France and Germany. Getting men back to work remains a sensible enough goal for both presidential candidates. Nevertheless, the ultra-gloomy picture depicted on the campaign trail no longer matches reality. ■

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This article appeared in the Finance & economics section of the print edition under the headline "Despair no more"

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