

Problem 1. Define a **discouraged worker** and a **marginally attached** worker.

Problem 2. For a country with the following data,

Civilian Population :	125,000,
Employed :	95,000,
Unemployed :	5,000,
Discouraged :	18,750,
Marginally Attached :	20,000,
Part-Time :	3,000,

find the official unemployment rate.

Problem 3. For a country with the following data,

Civilian Population :	125,000,
Employed :	95,000,
Unemployed :	5,000,
Discouraged :	18,750,
Marginally Attached :	20,000,
Part-Time :	3,000,

find the unemployment rate that includes discouraged workers.

Problem 4. For a country with the following data,

Civilian Population :	125,000,
Employed :	95,000,
Unemployed :	5,000,
Discouraged :	18,750,
Marginally Attached :	20,000,
Part-Time :	3,000,

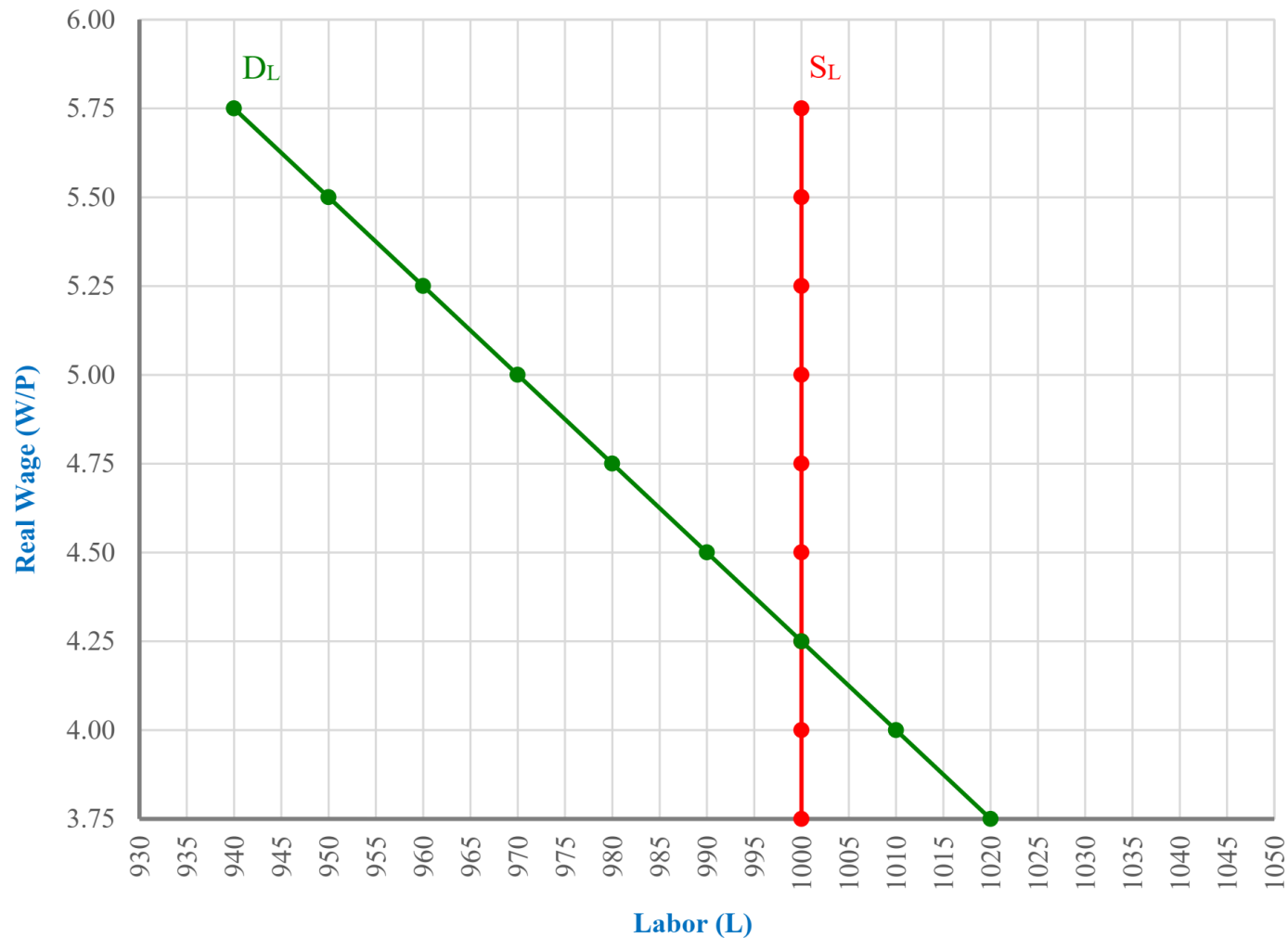
find the unemployment rate that includes marginally attached workers.

Problem 5. For a country with the following data,

Civilian Population :	125,000,
Employed :	95,000,
Unemployed :	5,000,
Discouraged :	18,750,
Marginally Attached :	20,000,
Part-Time :	3,000,

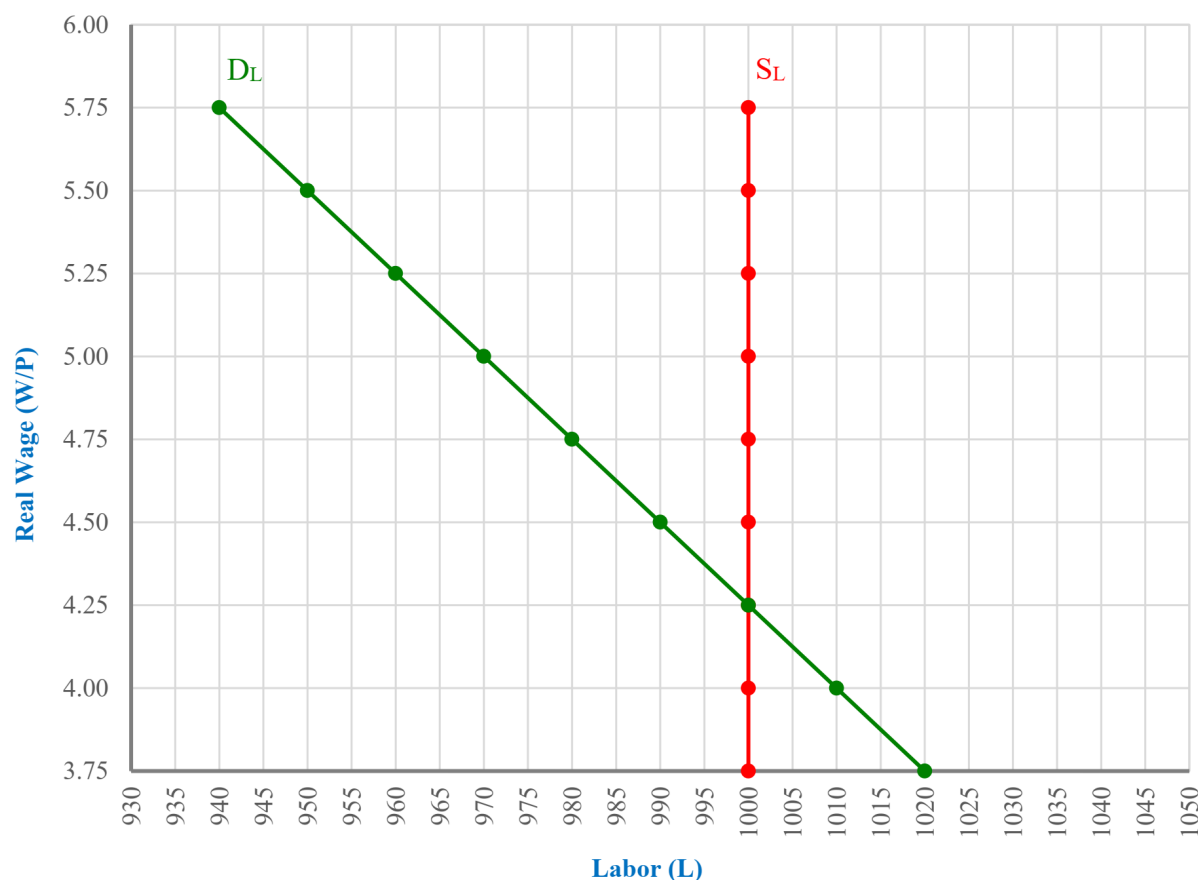
find the unemployment rate that includes marginally attached and part-time workers.

Problem 6. $u_f = 2\%$, $u_s = 0\%$, Okun's $\alpha = 2$, and potential GDP = 125,000.



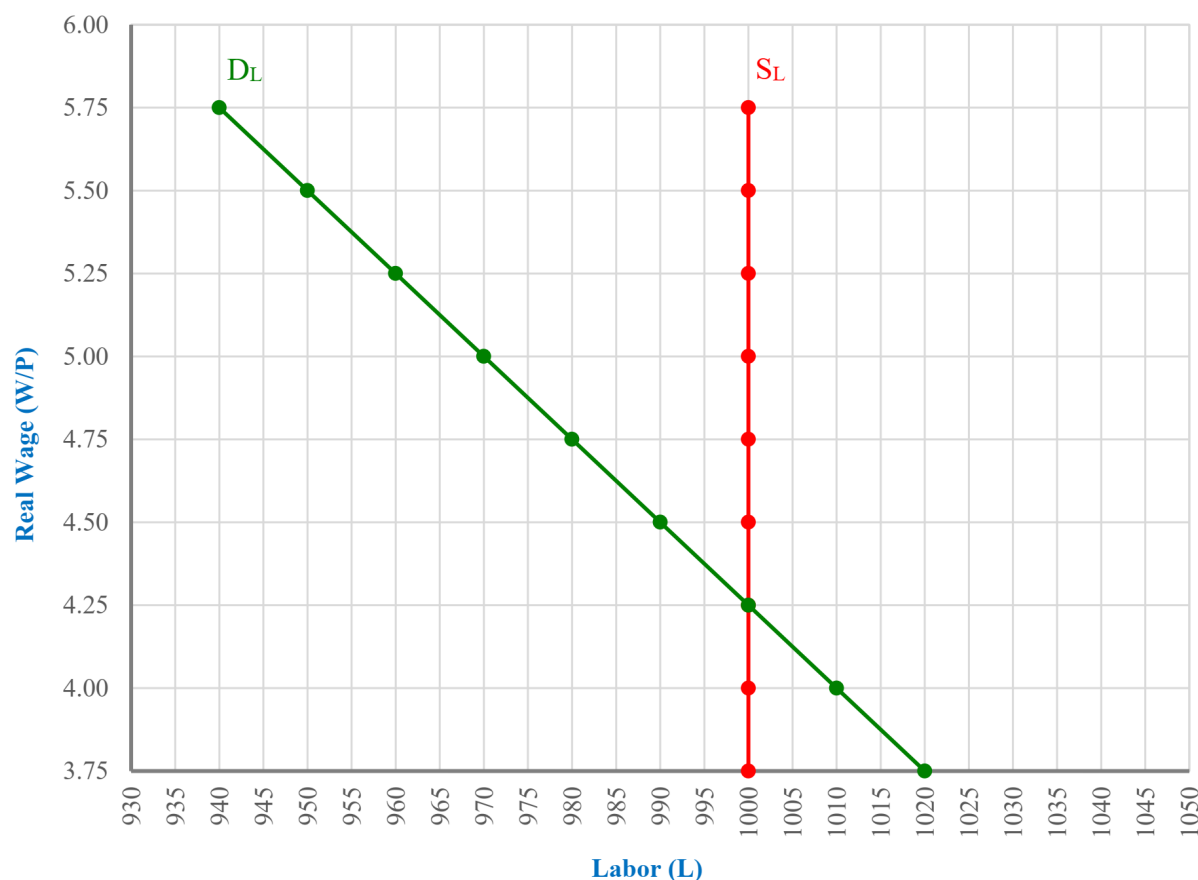
$W = \$425$ and $P = \$100$. This must mean that in this country the cyclical rate of unemployment equals _____ percent and real GDP equals _____ units.

Problem 7. $u_f = 2\%$, $u_s = 0\%$, Okun's $\alpha = 2$, and potential GDP = 125,000.



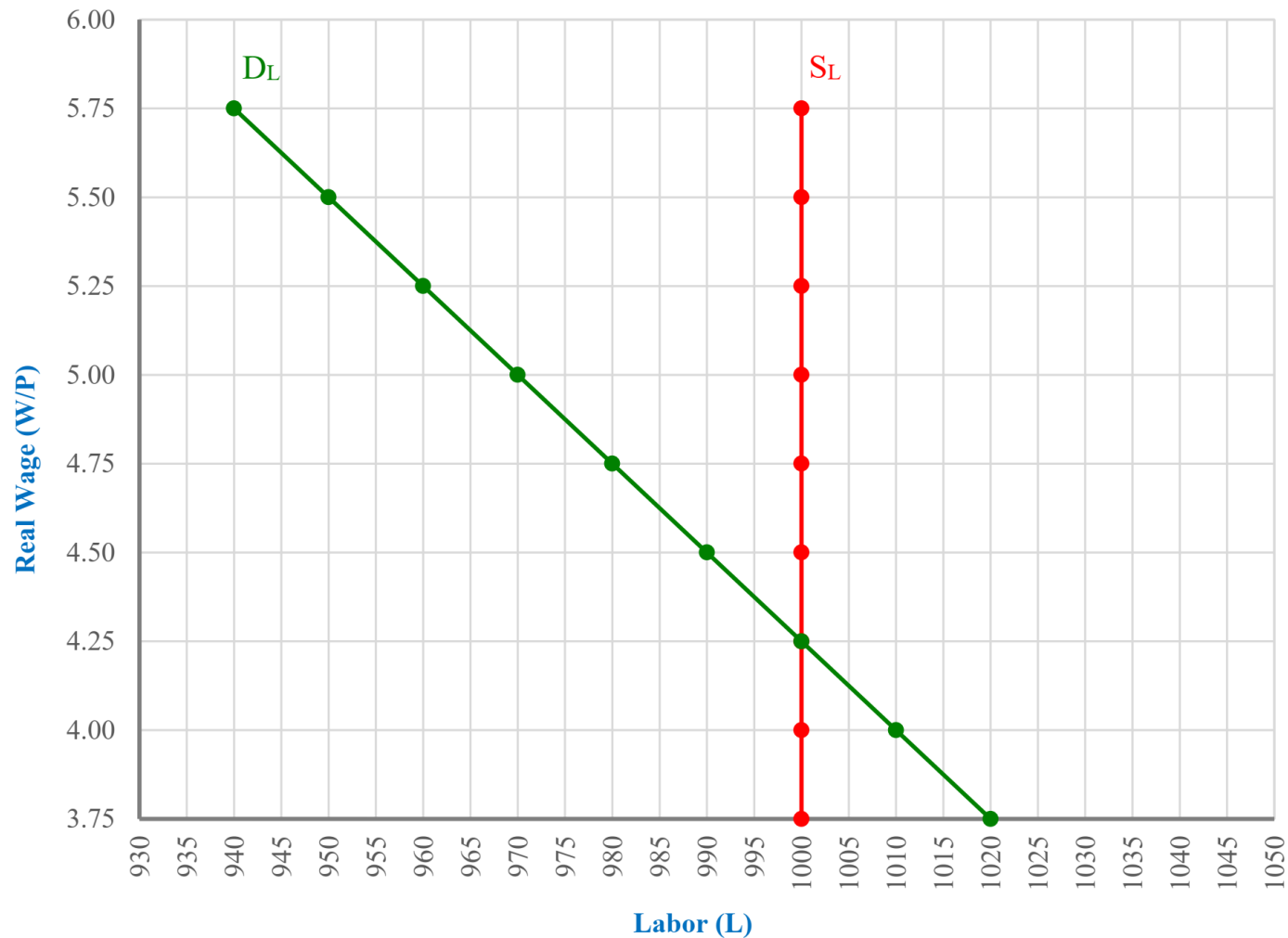
Originally, $W = \$425$ and $P = \$100$. The stock market crashes and people buy fewer goods and services. This causes the nominal wage to fall by 8% and the price level to fall by 32%. This must mean that in this country the cyclical rate of unemployment equals _____ percent and the real GDP equals _____ units.

Problem 8. $u_f = 2\%$, $u_s = 0\%$, Okun's $\alpha = 2$, and potential GDP = 125,000.



Originally, $W = \$425$ and $P = \$100$. The stock market rallies and people buy more goods and service. This causes the nominal wage to increase by 28% and the price level to increase by 36%. This must mean that the cyclical rate of unemployment equals _____ percent and the real GDP equals _____ units.

Problem 9. $u_f = 2\%$, $u_s = 3\%$, Okun's $\alpha = 2$, and potential GDP = 100,000.



$W = \$500$ and $P = \$100$. This must mean that in this country the cyclical rate of unemployment equals _____ percent and real GDP equals _____ units.