

**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 part-time 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,

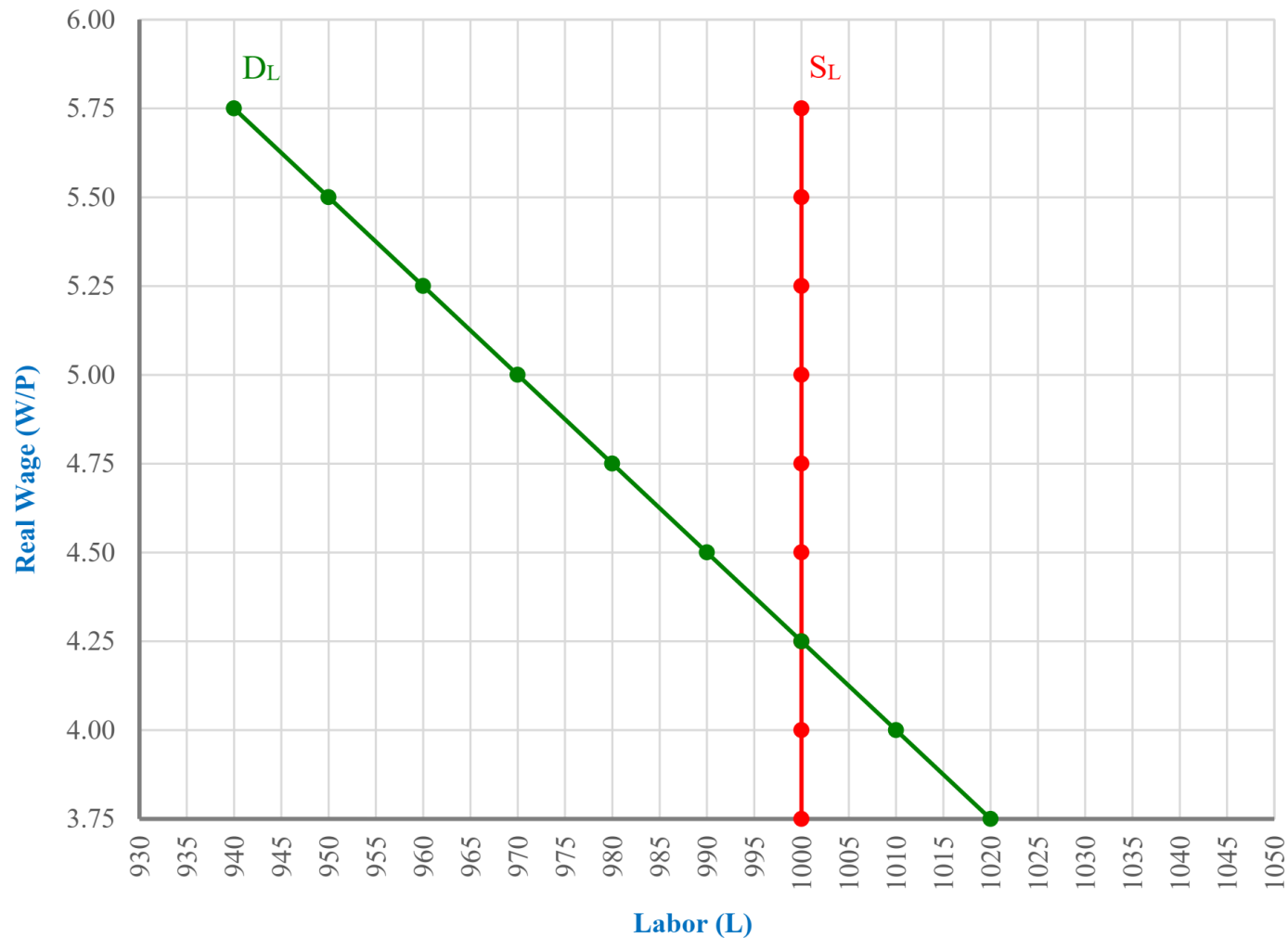
find the unemployment rate that includes marginally attached workers.

**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,

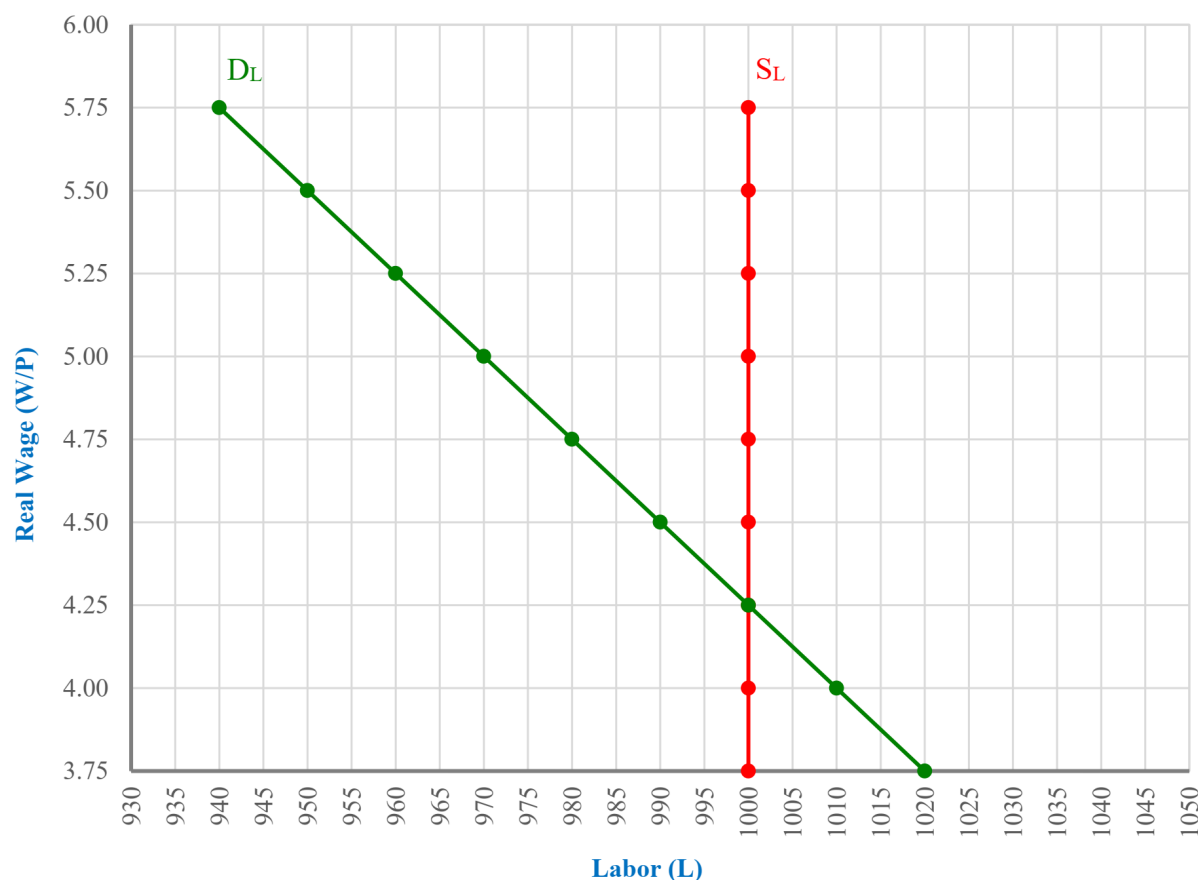
find the unemployment rate that includes marginally attached and part-time workers.

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



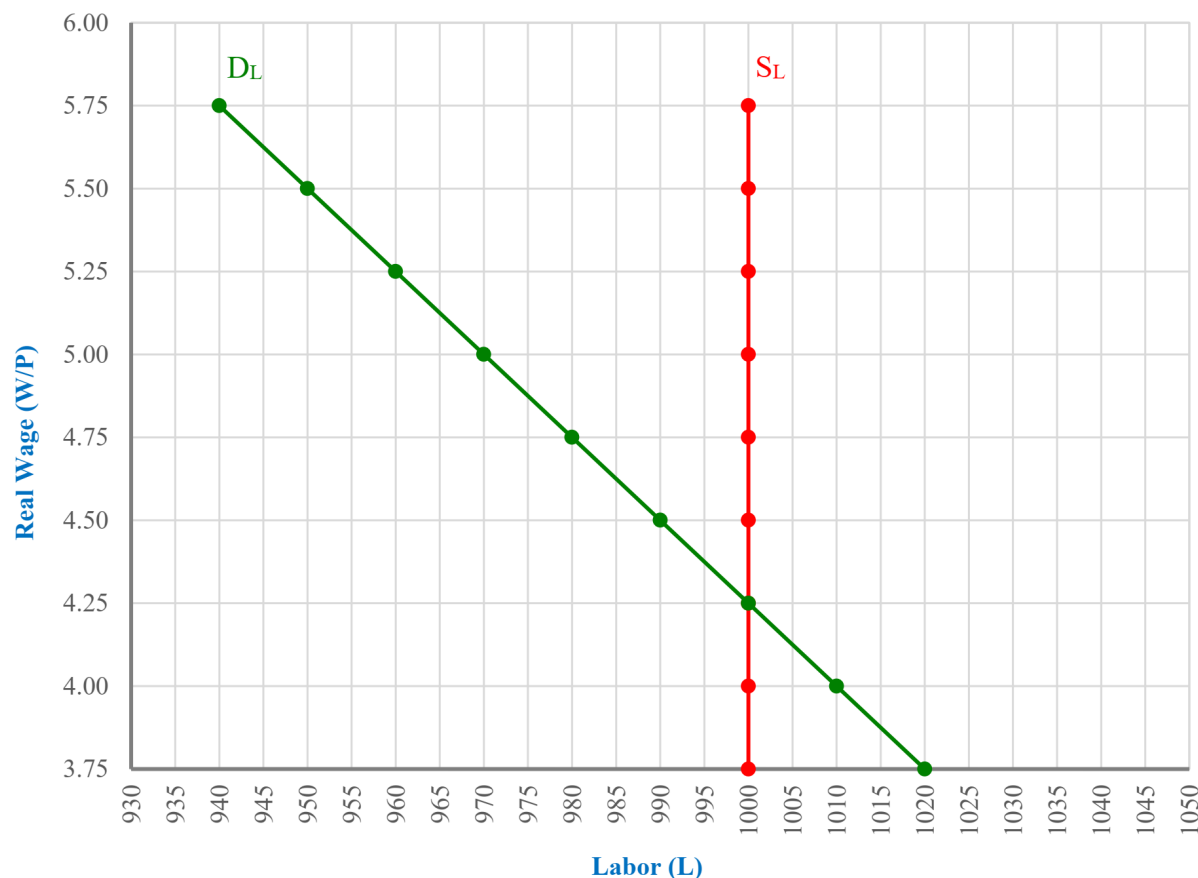
$W = \$425$  and  $P = \$100$ . This must mean that in this country the cyclical rate of unemployment equals \_\_\_\_\_ percent and real GDP equals \_\_\_\_\_ units.

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



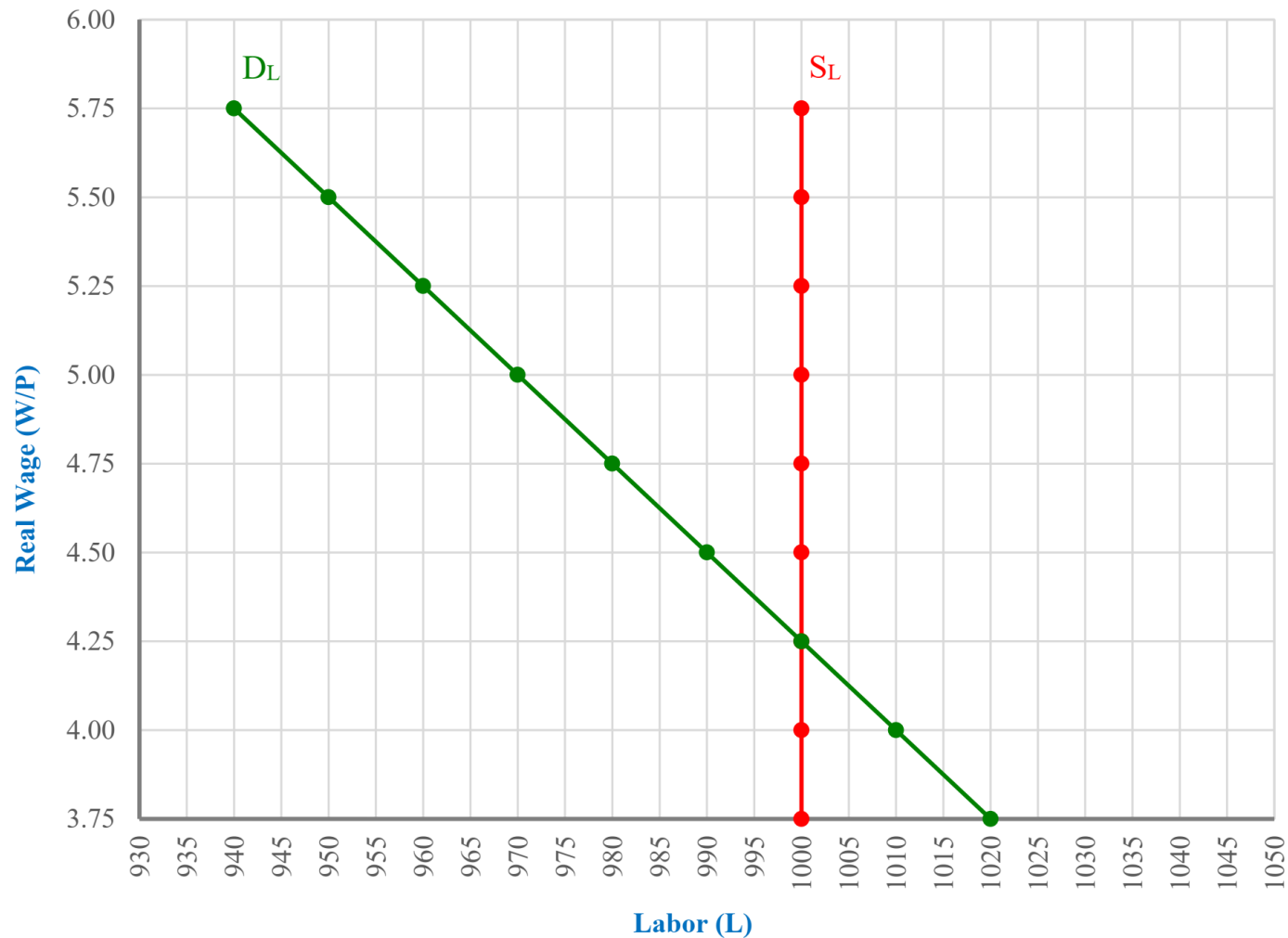
Originally,  $W = \$425$  and  $P = \$100$ . The stock market crashes and people buy fewer goods and services. This causes the nominal wage to fall by 8% and the price level to fall by 32%. This must mean that in this country the cyclical rate of unemployment equals \_\_\_\_\_ percent and the real GDP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