Wilf Csaplar Jr.   Economics 162   Homework #5   **Due Thursday 2/21**

Place your name on the back of this sheet of paper and nowhere else. Staple your answers face up on the front of this sheet of paper. Failure to follow these directions will cost you 10 points. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (15 points each) Answer each part in separate paragraphs. For each part, determine what happens to the labor force participation rate and the unemployment rate. Briefly explain your logic. Which part of the unemployment rate is affected? Explain your logic. If you are making any assumptions, state those assumptions.
A) John dislikes his boss, so he quits his job.
B) Jane is a ski instructor in this area. She gets laid off next month.
C) Jeffery is unemployed for so long that he gets depressed and quits looking for a job.
D) Jill got laid off in 2009 and got another job in 2010. What happened in 2009?

2) (20 points) Use the following data about a fictitious country to find the labor force participation rate and the unemployment rate. Show all calculation and briefly explain what you did. There are 1000 people who are 16 years or older. 630 of them have jobs. 70 of them do not have jobs but are looking for a job. 100 of them are retired. 30 of them would like a job, but have quit looking for a job. The rest are stay-at-home parents.

3) (20 points) All statistics have problems with their definitions which make them less useful than we would like them to be. What are the two big problems with the unemployment rate? Explain why those problems are important.