

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) (10 points) Read the article at <https://www.usnews.com/news/economy/articles/2022-02-07/now-we-know-what-happened-to-those-workers-who-dropped-out-during-the-pandemic> and tell me about one of the groups of people they discuss. Tell me what happened to the labor force participation rate and unemployment rate when the group of people did what they did. Explain your logic.

2) (15 points each) Answer each part in a different paragraph or lose points for not following directions. For each event, determine what happens to the unemployment rate and the labor force participation rate. Briefly explain how you reached those conclusions. Which type of unemployment is that? Explain your logic.

- A) Jane is a ski instructor in this area. What happens when she is laid off next month?
- B) Joe dislikes his boss so much, he quits.
- C) An unemployed coal miner quits looking for a job.
- D) A lot of people got laid off in 2008.

3) (15 points) All statistics have a problem with their definition which makes it less useful than we would like it to be. What are the two problems with the unemployment statistic? Briefly explain how those problems make the statistic less useful than we would like.

4) (15 points) Suppose that at the start of the year, the CPI was 800 and at the end of the year it was 840. What was the inflation rate? Show all calculations. If people had expected 8% inflation, then name two groups of people who are hurt. Briefly explain how they are hurt.