

Homework 11

This homework was not submitted for grading,
thus there are no statistics.

Not for submission for grading

This homework will not be graded. The answer key will be posted after a few days. Direct any homework questions to the TA of your section.

1. A village has a population of 100 people, out of which 45 are currently employed. How much is the unemployment rate in that village?
 - A. Around 45%.
 - B. Around 55%.
 - C. Around 0%.
 - D. We do not have sufficient information to answer.
2. Which of the following statements is accurate regarding frictional and structural unemployment?
 - A. Frictional unemployment is due to some factor that has a short-term effect, while structural unemployment is due to a factor that has a more permanent effect.
 - B. Structural unemployment occurs only in recessions.
 - C. A recession will not have an effect on the amount of frictional unemployment.
 - D. All of the above are accurate.
3. Which of the following factors is more likely to affect structural unemployment?
 - A. A labor union that negotiates a wage above the market clearing level.
 - B. A company that offers high wages in order to retain its personnel.
 - C. A law that decreases the minimum wage.
 - D. All of the above.
 - E. None of the above.
4. What is going to be the effect on the unemployment rate if technological improvement makes the workforce more productive?
 - A. Increase the rate of unemployment.
 - B. Not affect the rate of unemployment.
 - C. Decrease the rate of unemployment.
 - D. The effect on the rate of unemployment may be in either direction.
5. At the market clearing wage, the unemployment rate in the economy will be which of the following?
 - A. Equal to the natural rate of unemployment.
 - B. Equal to the difference between the labor market capacity minus the employed workers.
 - C. Equal to the frictional rate of unemployment.
 - D. Zero.
6. Justin recently received a Master's in Robotics and he is currently working as a waiter at a restaurant while he is looking for a better job in his field. Which of the following is accurate?
 - A. Justin belongs to the labor force.
 - B. Justin is unemployed.
 - C. Both A and B.
 - D. None of the above is accurate.

Scenario 11.1: *If Singapore dedicates all its resources to the production of olive oil, it can produce 100 tons. If it dedicates all its resources to produce banking services, it can produce 180 units; If Greece dedicates its resources in the production of olive oil it can produce 120 tons. If it dedicates all its resources in the production of banking services it can produce 90 units.*

7. According to scenario 11.1, compute the opportunity costs for the production of each good for Singapore.
 - A. 1 ton of olive oil costs 1.8 units of banking; 1 unit of banking costs 0.56 tons of olive oil.
 - B. 1 ton of olive oil costs 0.75 units of banking; 1 unit of banking costs 1.33 tons of olive oil.
 - C. 1 ton of olive oil costs 1.8 units of banking; 1 unit of banking costs 1.33 tons of olive oil.
 - D. 1 ton of olive oil costs 0.75 units of banking; 1 unit of banking costs 0.56 tons of olive oil.

8. According to scenario 11.1, compute the opportunity costs for the production of each good for Greece.
 - A. 1 ton of olive oil costs 1.8 units of banking; 1 unit of banking costs 0.56 tons of olive oil.
 - B. 1 ton of olive oil costs 0.75 units of banking; 1 unit of banking costs 1.33 tons of olive oil.
 - C. 1 ton of olive oil costs 1.8 units of banking; 1 unit of banking costs 1.33 tons of olive oil.
 - D. 1 ton of olive oil costs 0.75 units of banking; 1 unit of banking costs 0.56 tons of olive oil.

9. According to scenario 11.1, choose the pair of words that make the statement accurate: “_____ has the absolute advantage in olive oil. _____ has the absolute advantage in banking.”
 - A. Greece; Singapore.
 - B. Singapore; Greece.
 - C. Singapore; Singapore.
 - D. Greece; Greece.

10. According to scenario 11.1, choose the pair of words that make the statement accurate: “_____ has the comparative advantage in olive oil. _____ has the comparative advantage in banking.”
 - A. Greece; Singapore.
 - B. Singapore; Greece.
 - C. Singapore; Singapore.
 - D. Greece; Greece.

11. According to scenario 11.1, would it be possible for the two countries to trade if the terms of trade were 1 ton of olive oil to 1 unit of banking services?
 - A. No, because Singapore would not benefit.
 - B. No, because Greece would not benefit.
 - C. Yes, because both would benefit.
 - D. We do not have sufficient information to answer.

12. According to scenario 11.1, would it be possible for the two countries to trade if the terms of trade were 1.5 tons of olive oil for 1 unit of banking?
 - A. No, because Singapore would not benefit.
 - B. No, because Greece would not benefit.
 - C. Yes, because both would benefit.
 - D. We do not have sufficient information to answer.