

## Chapter 28 Unemployment Practice Test

### Multiple Choice

Identify the letter of the choice that best completes the statement or answers the question.

- \_\_\_\_\_ 1. Who would be included in the labor force?
- Bruce, a full-time student not looking for work
  - Holly, an unpaid homemaker
  - Dave, who does not have a job, but is looking for work
  - None of the above are included in the labor force.
- \_\_\_\_\_ 2. Who would be included in the labor force?
- Karen, who works most of the week in a steel factory
  - Beth, who is waiting for her new job at the bank to start
  - Dave, who does not have a job, but is looking for work
  - All of the above are included in the labor force.
- \_\_\_\_\_ 3. Rick loses his job and immediately begins looking for another. *Ceteris paribus*,
- the unemployment rate is unaffected, and the labor-force participation rate increases.
  - the unemployment rate decreases, and the labor-force participation rate is unaffected.
  - the unemployment rate increases, and the labor-force participation rate decreases.
  - the unemployment rate increases, and the labor-force participation rate is unaffected.
- \_\_\_\_\_ 4. Which of the following correctly lists teenage groups in order of unemployment rates from highest to lowest?
- black females, white females, white males.
  - black females, white males, white females.
  - white males, black females, white females.
  - white males, white females, black females.
- \_\_\_\_\_ 5. Some people are counted as out of the labor force because they make no serious effort to look for work. However, some of these people may want to work even though they are too discouraged to make serious effort to look for work. If these persons were counted as unemployed instead of out of the labor force,
- both the unemployment rate and labor-force participation rate would be higher.
  - the unemployment rate would be higher and the labor-force participation rate would be lower.
  - the unemployment rate would be lower and the labor-force participation rate would be higher.
  - None of the above are correct.
- \_\_\_\_\_ 6. Which of the following is correct?
- Short-term unemployment is a more serious problem than long-term unemployment.
  - Most spells of unemployment are short term.
  - Most unemployed persons have been unemployed a long time.
  - None of the above are correct.

- \_\_\_\_\_ 7. Which of the following is not a reason actual labor markets experience unemployment?
- flexible wages
  - unions
  - job search
  - minimum-wage legislation
- \_\_\_\_\_ 8. An increase in the world price of oil would create a sectoral shift that would likely
- increase unemployment, and the increase would be greater in a country with unemployment insurance than in one without.
  - increase unemployment, but the increase would be smaller in a country with unemployment insurance than in one without.
  - decrease unemployment, and the decrease would be greater in a country with unemployment insurance than in one without.
  - decrease unemployment, but the decrease would be smaller in a country with unemployment insurance than in one without.
- \_\_\_\_\_ 9. Collective bargaining refers to
- the process by which unions and firms agree on the terms of employment.
  - the process by which the government sets exemptions from the minimum wage law.
  - setting the same wage for all employees to prevent jealousy among workers.
  - setting the wage after discussion with employees in hopes of preventing unionization.
- \_\_\_\_\_ 10. Which of the following is incorrect?
- Turnover means that firms occasionally fire workers to set an example for the other workers.
  - Workers are less likely to quit jobs if the firm is paying a high wage.
  - Firms may find it profitable to pay wages above the equilibrium level in order to reduce quits.
  - Paying high wages will create a surplus of workers.
- \_\_\_\_\_ 11. Henry Ford
- was forced by a union to pay \$5.00 per day.
  - paid \$5.00 per day to improve worker nutrition.
  - believed that \$5.00 a day would increase worker productivity.
  - paid \$5.00 per day to illustrate he was a humanitarian.
- \_\_\_\_\_ 12. Which of the following causes of unemployment is associated with a wage rate above the market equilibrium level?
- minimum wage laws
  - unions
  - efficiency wages
  - All of the above are correct.
- \_\_\_\_\_ 13. Which of the following causes of unemployment is not associated with a wage rate above the equilibrium level?
- unions
  - job search
  - efficiency wages
  - minimum wage laws

- \_\_\_\_\_ 14. Which of the following causes of unemployment would most likely be affected by more accessible information about job opportunities?
- a. collective bargaining
  - b. job search
  - c. minimum wage laws
  - d. efficiency wages