

____ 1. During this century, the growth rate of real GDP in the United States has averaged approximately

- a. 1 percent.
- b. 3 percent.
- c. 6 percent.
- d. 10 percent.

____ 2. Mallory Trammell is a homemaker. Last week, she was busy with her normal household chores.

She is

- a. a member of the civilian labor force who is employed.
- b. a member of the civilian labor force who is unemployed.
- c. a member of the civilian labor force who is underemployed.
- d. a discouraged worker who is not a member of the labor force.
- e. not a member of the labor force.

____ 3. Which of the following would be classified as unemployed?

- a. mothers who choose to stay at home with their preschool-age children
- b. retirees who are no longer working at a job
- c. students attending school full time
- d. a 20-year old looking for her first job

____ 4. If the official unemployment rate increases in March from its February level because of sluggish

sales in the auto industry, we can conclude that ____ unemployment is responsible for the increase.

- a. seasonal
- b. cyclical
- c. structural
- d. frictional
- e. any one of the causes of

____ 5. When information about potential jobs is costly to acquire and individuals must spend time

searching for jobs, which type of unemployment will result?

- a. frictional
- b. seasonal
- c. structural
- d. cyclical

____ 6. A general mismatch between the skills of unemployed workers and the skills needed by employers with job openings results in

- a. frictional unemployment.
- b. structural unemployment.
- c. cyclical unemployment.
- d. a higher labor force participation rate.

____ 7. Which of the following is true?

- a. High benefit payments to unemployed workers will tend to increase the rate of unemployment.
- b. If a system of personal savings accounts replaced the current unemployment benefit system, the unemployment rate would fall to zero.
- c. The rate of unemployment in the large European economies has been persistently lower than that of the United States due to their more generous unemployment benefits.
- d. Under the current unemployment insurance system, benefits replace about 90 percent of the typical worker's prior pretax earnings.

____ 8. During periods when the inflation rate fluctuates widely,

- a. all relative prices increase at the same rate, leaving money prices constant
- b. economic efficiency increases because decision makers pay closer attention to changes in money prices
- c. uncertainty about changes in relative prices causes a decrease in economic efficiency
- d. all money prices increase at the same rate, leaving relative prices constant

Answers:

1. B
2. E
3. D
4. B
5. A
6. B
7. A
8. C