

## Quiz 4

1. Which one of following statements is wrong:

A) Larger cities have higher unemployment rates than smaller cities because it is easier to find good match in larger cities.

B) Teenagers typically have a higher unemployment rate because they like to change jobs.

C) College educated workers have a higher unemployment rate because it is more difficult for them to find jobs.

D) African Americans have a higher unemployment rate because of discrimination.

Answer: C or A

2. In Obama's stimulus package, the unemployment benefits would be extended by another twenty weeks. This would most likely cause:

A) a higher unemployment because it is easier now for firms to lay off workers.

B) a higher unemployment because workers would have less incentives to look for jobs.

C) a lower unemployment because the demand for workers would increase because of the stimulus package.

D) a higher unemployment because the budget deficit would increase.

Answer: B

3. At equilibrium, the unemployment rate can be written as:  $u = s/(s+f)$ , where  $f$  the rate of finding jobs and  $s$  is the rate of separating from jobs. Consider the case that baby boomers are becoming middle aged:

A) the unemployment rate would be higher because their knowledge becomes obsolete.

B) the unemployment rate would be lower because they have a lower  $s$ .

C) the unemployment rate would be lower because they have a lower  $f$ .

D) the unemployment rate would be higher because they have a higher  $f$ .

Answer: B