**ECON 1101 – Macroeconomics Spring 2018**

**Group ASSIGNMENT – Current Labor Market Situation**

**Prof. Sean P. MacDonald**

**Due date for typed final draft: Tuesday March 13.**

**In completing this assignment, be sure to review the chapter reading (ch 8) and last week’s class lecture on employment/unemployment.**

**PART I**

* Refer to the Economic Release for January 2018 posted here on Open Lab – Employment and Unemployment<https://www.bls.gov/news.release/pdf/empsit.pdf>
* **Review pages 1 – 3 and 9 (Household data – summary table A)** and answer the following questions. Please use complete sentences. The person designated by the group to record can type the answers directly onto this document.
1. Questions on the Labor Force from the **Household Survey: Please use Seasonally Adjusted** datain answering all question where indicated. Please check that you have answered all questions.
* What was the *official unemployment rate* as reported for January 2018 and the total number of unemployed workers?
* How many people worked *part-time for economic reasons* (also known as ‘involuntary part time workers’) in January 2018?
* How many people were *marginally attached* to the labor force in January 2018?
* How many were *discouraged workers*?
* Look at the Household Data table that indicates the *unemployment rates* for each level of educational attainment**.** What were the *unemployment rates* in January 2018 for:
1. workers with less than H.S.
2. workers with a H.S. diploma:

3. some college:

4. with a bachelor’s degree or higher:

1. **Labor Force Participation Rates**

Click on the following link: <http://data.bls.gov/timeseries/LNS11300000/> to answer the following:

* Look at the table that follows the graph. What was the *labor force participation rate* in January 2000? (You need to change the date to 2000 in the drop down box). What was the rate in January 2018?
* By how much did this rate change from January 2000 to January 2018?
1. **Questions on Payroll jobs from the Establishment Survey**

Look at the Establishment Data table that provides data on job changes for January; look specifically at the last column in the table – January 2018. This column indicates changes in payroll employment that occurred in January. 2018. (You do not need to do any calculations here – just look at the data in the last column.)

* How many *total (seasonally adjusted) payroll jobs* (referred to as ‘nonfarm’ in the table – same thing) were gained in January 2018**?**

* How many jobs specifically wereadded or lost in each of the following major industriesin January 2018? PLEASE EXPRESS YOUR ANSWERS IN THOUSANDS.
1. Manufacturing
2. Construction
3. Retail trade
4. Leisure and hospitality
5. Utilities
6. Government (overall)
7. Education and health services
8. Discuss what economic or other factors likely explain the reasons for the increase or decrease in employment in each of these industry sectors in January. There may be different factors influencing different industries.
9. If 200,000 jobs were added in January, why did the unemployment rate remain unchanged at 4.1? What is a likely explanation?
10. **Alternative Measures of Labor Underutilization**

Go to <http://www.bls.gov/news.release/empsit.t15.htm> (Table A-15 Alternative Measures of Labor Underutilization) and answer questions 1 through 6 that follow:

* *Which one of the six measures* *of unemployment* *indicated in the table (U1 through U6)* represents *the official measure* used by the Bureau of Labor Statistics?
* If marginally attached workers, discouraged workers, and those who are working part-time for economic reasons were included in the official unemployment rate, what would that rate have been for January 2018? *Which one of the six measures reflects this rate?*
1. **Discussion questions**
2. In the article, ‘*Corporate America Is Suppressing Wages for Many Workers’,* the writer presents the argument that employers, by exerting ‘monopsony power’ are suppressing their employees’ wages. What does this mean? Explain what many employers are doing to keep wages down.
3. Refer to the article *How ‘Low Can Unemployment Really Go? Economists Have No Idea.’* What does the ‘nairu’ unemployment rate mean?
4. If this rate fell to 3.5 percent during 2018, how might the actions taken by employers discussed in the first reading be affected? Explain.