

Spooky Monday, Oct. 31 (B-1)

- Group 1: Maddie, Alessandra, Mary, Kennedy
- Group 2: Clare, Baylee, Sarah, Margot
- Group 3: Todd, Ethan, Eli (x2), Soham

Year	Price of Beef	Quantity of Beef	Price of Pork	Quantity of Pork
2003	\$2.00	100	\$1.00	100
2004	\$2.50	90	\$0.90	120
2005	\$2.75	105	\$1.00	130

- Warm up: Calculate inflation from 2003 to 2004. BY = 2005
- Learning targets: I can define the labor force, unemployment rate and the labor force participation rate (LFPR). I can calculate unemployment rate and the LFPR. I can explain how changes in unemployment and the labor market affect the unemployment rate and LFPR.
- HW 2e due today!

Spooky Monday, Oct. 31 (B-2)

- Group 1: Hiedi, Kimora, Flannery, Makayla
- Group 2: Zach, Pauli, Yusha, Robert
- Group 3: Josiah, Bennett, Alex, Ellis, Amanda
- Group 4: Tamar, Sophia, David, Caelan

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Too Much Candy Tuesday, Nov. 1 (A-2)

- Group 1: Justin, Dawson, Jude, Ryan
- Group 2: Lilly, Grace, Blair, Angelina
- Group 3: Taha, Hank, Eyoab, Isaiah, Cole
- Group 4: Alex, DJ, Jordan, Zahra
- Group 5: Addi, Cait, Morgan, Ila, Tashina

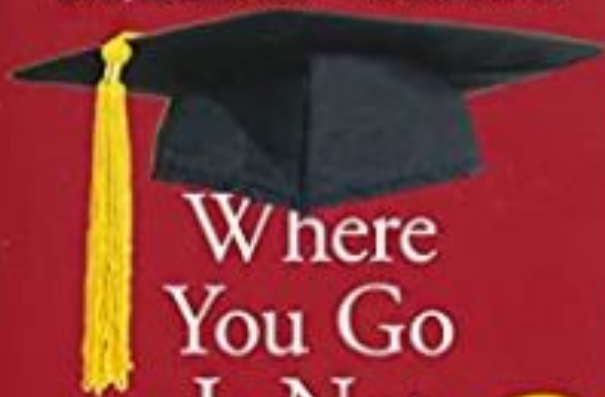
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"A humane, measured book . . . In its authentic humanity, it has lessons for a very wide audience indeed." —*THE WASHINGTON POST*



Where You Go Is Not Who You'll Be

UPDATED &
EXPANDED,
PLUS NEW
AFTERWORD

AN ANTIDOTE TO THE COLLEGE
ADMISSIONS MANIA

FRANK BRUNI

THE *NEW YORK TIMES* BESTSELLER

Presidential & Vice Presidential Alma Maters

- Ronald Reagan: Eureka College (Illinois)
- Jimmy Carter: U.S. Naval Academy, Georgia Southwestern College, Georgia Tech
- Richard Nixon: Whittier College (California)
- Lyndon Johnson: Southwest Texas State Teachers College
- Joe Biden: U. of Delaware & Syracuse University Law School
- Dan Quayle: DePauw University and Indiana University Law School

Source: Bruni, Frank. *Where You Go Is Not Who You'll Be: An Antidote to the College Admissions Mania*. New York, Hachette Book Group, 2016.

Unit 2:

Macro Measures

Goal #2

Limit Unemployment





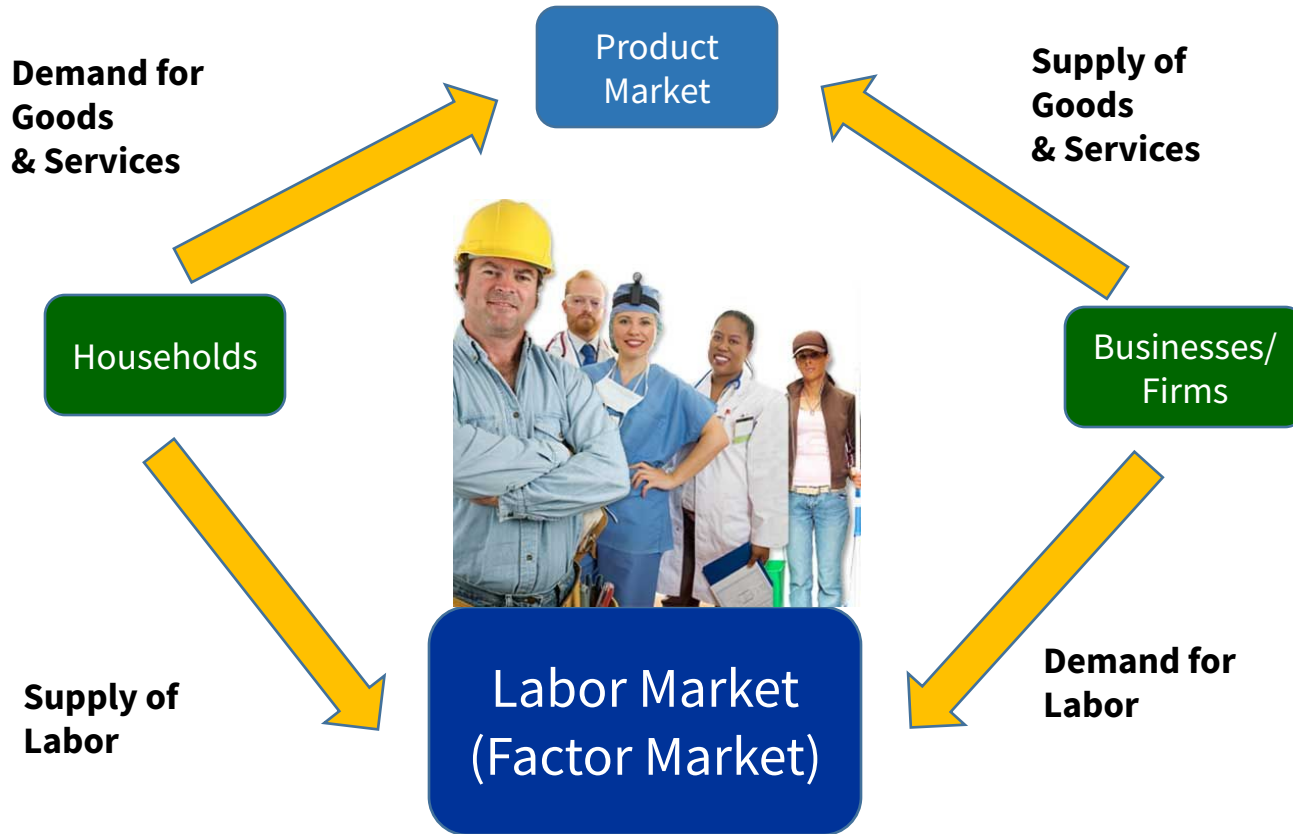
UNEMPLOYMENT

sucks when your job gets blow'd up

Think-Pair-Share About Unemployment

1. What does it mean to be unemployed?
2. Are there people without jobs who might NOT be considered unemployed?
3. For what reasons might a person who wants to work not have a job?
4. Are some reasons for unemployment WORSE for the economy than others?
5. Without looking at your phones to research this, what do you think the [unemployment rate in the U.S.](#) is today?
6. What about [unemployment in Georgia](#)? What are [Georgia's historic rates](#)?

What Exactly is the Labor Market?



What is Unemployment?

Unemployment rate = The percent of people in the labor force who want a job but are not working.

$$\text{Unemployment rate} = \frac{\text{\# unemployed}}{\text{\# in civilian labor force}} \times 100$$

To qualify as unemployed you must be:

1. Jobless,
2. looking for a job (made an effort to find job in last four weeks), and
3. available for work

Who is in the Civilian Labor Force?

Unemployed + Employed*

Who is Considered Employed?

Employed = Did any work for pay or profit during the survey reference week, including:

- Part-time employees who want/need full-time job
- Temporary work
- Underemployed: people who are in a job that is not what they trained for (e.g., an engineer who is a Starbucks barista)

Who is NOT in the Labor Force?

- **Discouraged workers that have given up looking for a job**
- **Unpaid homemakers**
- **Retirees who aren't looking for another job**
- **Active military**
- **Ppl 15 years old and younger**
- **Ppl in hospital or jail (“institutionalized”)**

LABOR FORCE

**OUT OF LABOR
FORCE**



**Civilian
noninstitutional
population
age 16 and older**

Working

**Not
working**

Absent from job (vacation, ill, etc.)

On layoff awaiting recall

**Actively looking (last 4 weeks)
& available for work**

None of the above

Employed

Unemployed

**Not in the
labor force**

**Labor
force**

Unemployment rate calculation

- ▶ Calculate the unemployment rate for the country of Brownlapistan that has 100 citizens:
 - ▶ 12 of them are children
 - ▶ 7 are prisoners
 - ▶ 21 are stay-at-home parents
 - ▶ 10 of them are homeless but not looking for jobs
 - ▶ 25 are working various part-time jobs
 - ▶ 10 are working full-time
 - ▶ 10 are out of work, but are looking for work
 - ▶ 5 are out of work but stopped looking for a job

Employed, Unemployed, Not in LF?

- | | |
|---|----------------------------------|
| 1. Your retired grandparent | 1. Not in the labor force |
| 2. A 16 year old high school student who applied for work | 2. Unemployed |
| 3. A 16 year old high school student who quit work for sports | 3. Not in the labor force |
| 4. A single mom looking for a second job | 4. Employed |
| 5. A college student who works part time at a grocery store | 5. Employed |
| 6. A prisoner serving a 5 year sentence | 6. Not in the labor force |
| 7. A teacher that doesn't work during the summer | 7. Employed |
| 8. You | 8. ??? |

Activity: Measuring Class Unemployment Rate

- ▶ When it is your turn, stand up and read your story

Employed

Unemployed

Not in the Labor Force

Are You Unemployed?



The country of Altimina has a population of 150,000. According to the latest data, there are 20,000 people under the age of 16, and 30,000 people who are over the age of 16, but not looking for work. Currently, there are 5,000 people who are 16 or older and actively looking for work. The president of Altimina has asked you what the size of the labor force is, what the number of unemployed is and what the unemployment rate for Altimina is.

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Wicked Wednesday, Nov. 2 | Thirsty Thursday, Nov. 3

Calculate the unemployment rate:

- ▶ 5 are underemployed and looking for different jobs
- ▶ 15 are working various part-time jobs
- ▶ 25 are working full-time
- ▶ 10 are out of work, but are looking for work
- ▶ 5 are out of work but stopped looking for a job

- *Learning targets: I can define the labor force participation rate (LFPR) and calculate it. I can explain how changes in unemployment and the labor market affect the unemployment rate and LFPR. I can explain the three types of unemployment. I can define the natural rate of unemployment.*

Unit 2 Test is Next Week!

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I can define the labor force and the labor force participation rate (LFPR). I can calculate the LFPR.

Labor Force Participation Rate

- ❑ The percentage of working-age people who are in the labor force.
- ❑ In effect, it measures the amount of labor in an economy.
- ❑ Labor force participation rate =
$$\frac{\text{Labor force}}{\text{Civilian, non-institutionalized population age 16 and older}} \times 100$$

The Labor Force Participation Rate Formula

LABOR FORCE PARTICIPATION RATE

=

Employed + Unemployed



Civilian
Non-Institutionalized
Population

FRED Data

FRED — Labor Force Participation Rate



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org

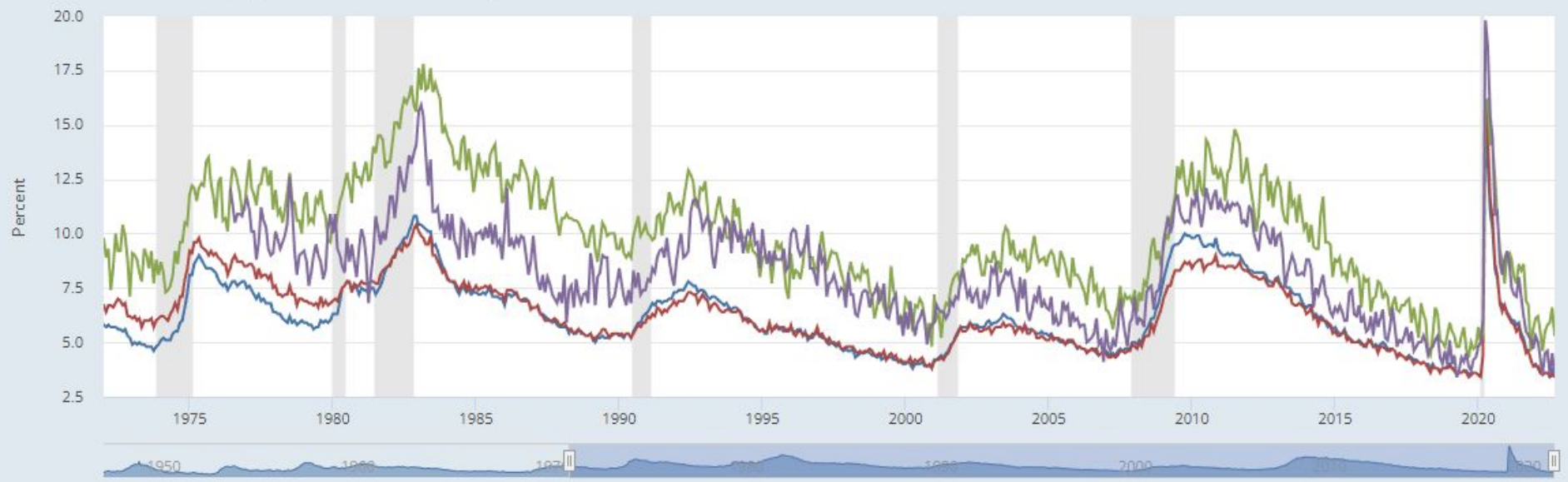


From bls.gov

<https://www.macrotrends.net/2508/unemployment-rate-by-race>

On this website, look at the first graph and compare how different demographics were impacted by the Covid recession and the Great Recession. Then scroll down the page and click on other graphs to do the same comparison. What conclusions can you draw about the official unemployment rate?

- Unemployment Rate
- Unemployment Rate - Women
- Unemployment Rate - 20 Yrs. & over, Black or African American Women
- Unemployment Rate - 20 Yrs. & over, Hispanic or Latino Women



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouisfed.org



Criticisms of the Unemployment Rate

The unemployment rate can misdiagnose the actual unemployment rate because of:

Discouraged Workers-

- Some people are no longer looking for a job because they have given up. Remember the LFPR If people leave labor force, then the unemployment rate falls.

Underemployed Workers-

- Someone who wants more hours (or a better job) but can't get them is still considered employed.

Race/Age Inequalities-

- The overall unemployment rate doesn't show disparity for men vs. women, minorities and teenagers.

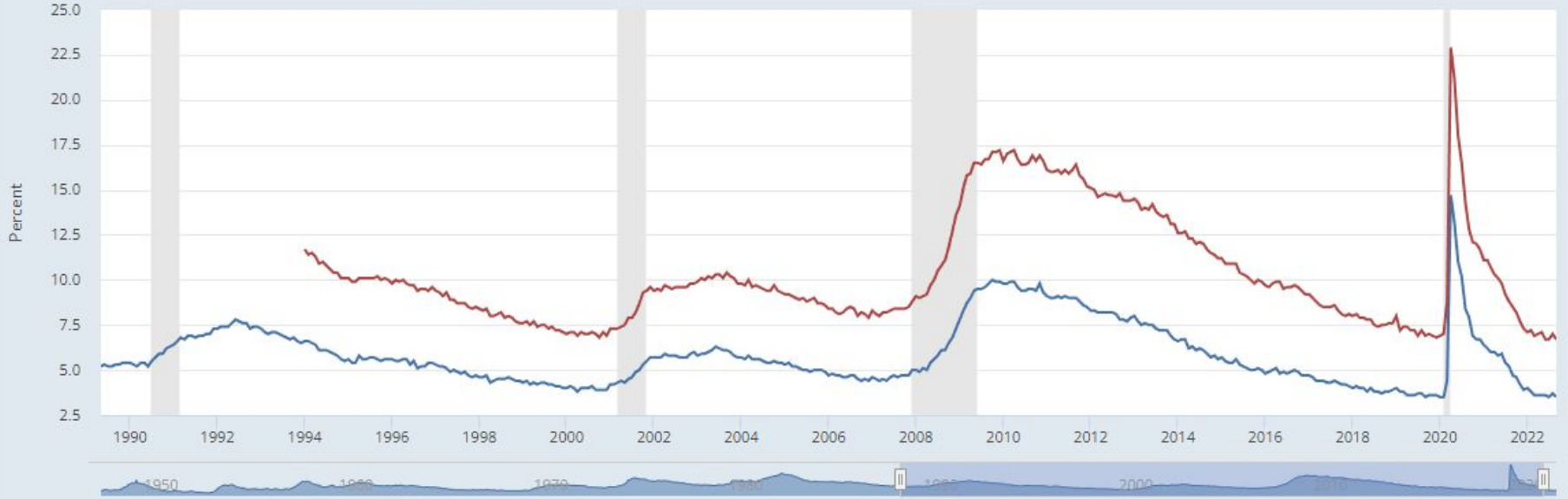


U6 Unemployment Rate

U3 is the official unemployment rate. U5 includes discouraged workers and all other marginally attached workers. U6 adds on those workers who are part-time purely for economic reasons. The current U6 unemployment rate as of October 2019 is **7.0**.

- **Marginally attached** individuals have looked for work in the last 12 months but not the previous four weeks. Moreover, these individuals want a job and would be able to accept a job were one available.
- **Discouraged workers** are specifically those marginally attached workers who provide the following reasons why they have not looked for work recently: they do not believe work is available, they could not find work, they believe they lack the necessary school or training, they think employers find them too young or too old, or they have faced other forms of discrimination.

— Unemployment Rate
 — Total Unemployed, Plus All Persons Marginally Attached to the Labor Force, Plus Total Employed Part Time for Economic Reasons, as a Percent of the Civilian Labor Force Plus All Persons Marginally Attached to the Labor Force (U-6)



Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

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Donald J. Trump ✓

@realDonaldTrump



African American unemployment is the lowest ever recorded in our country. The Hispanic unemployment rate dropped a full point in the last year and is close to the lowest in recorded history. Dems did nothing for you but get your vote!

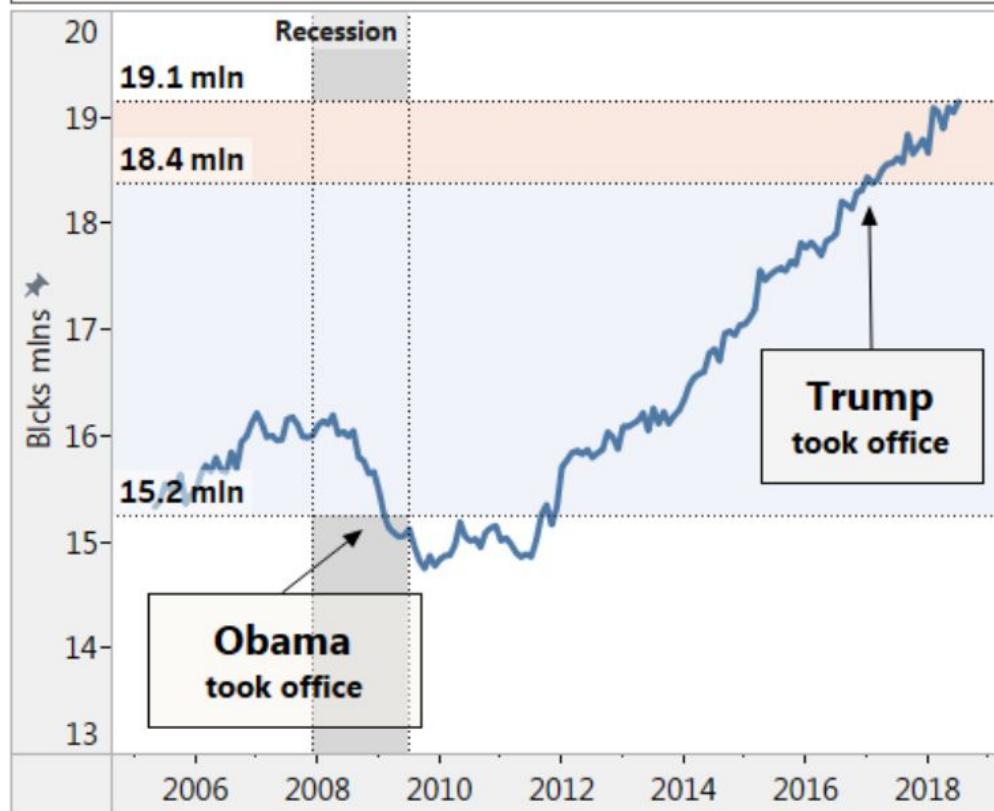
[#NeverForget](#) [@foxandfriends](#)

10:20 AM - Jan 8, 2018

♥ 126K 💬 59.4K people are talking about this



Black employment



SOURCE: BLS



17. Which of the following will be counted as unemployed by the United States Bureau of Labor Statistics?
- (A) Persons who quit their previous jobs to stay at home to care for sick parents
 - (B) Persons who were laid off from their previous jobs and have not applied for a job in two years
 - (C) Persons who were fired from their previous jobs and are actively applying for work
 - (D) Persons who have given up looking for jobs after long searches
 - (E) Persons who quit their previous jobs to start their own businesses

Labor Market Data for Country X
(in millions of persons)

Population	180
Employed	94
Unemployed	6
Not in labor force	80

46. Based on the information in the table above, what is the unemployment rate for Country X?

- (A) 3.3%
- (B) 4.0%
- (C) 6.0%
- (D) 6.38%
- (E) 7.5%

Bonus question: Calculate the LFPR!!

27. Which of the following individuals is considered officially unemployed?

- (A) Chris, who has not worked for more than three years and has given up looking for work
- (B) Kim, who is going to school full-time and is waiting until graduation before looking for a job
- (C) Pat, who recently left a job to look for a different job in another town
- (D) Leslie, who retired after turning 65 only five months ago
- (E) Lee, who is working 20 hours per week and is seeking full-time employment



Let's Play the Pyramid . . .



Round 1

Round 1

1. Burger King
2. Real GDP
3. Capital goods
4. GDP Deflator
5. What a turtle would say if it could talk
6. Market basket
7. Government spending
8. Flossing (the dance move)



Round 2

Round 2

1. What a lion would say if it could talk
2. Consumer spending
3. The Nae Nae (dance move)
4. CPI
5. Pizza Hut
6. Natural resources
7. Absolute Advantage
8. Base year

Three Types of Unemployment

#1. Structural Unemployment

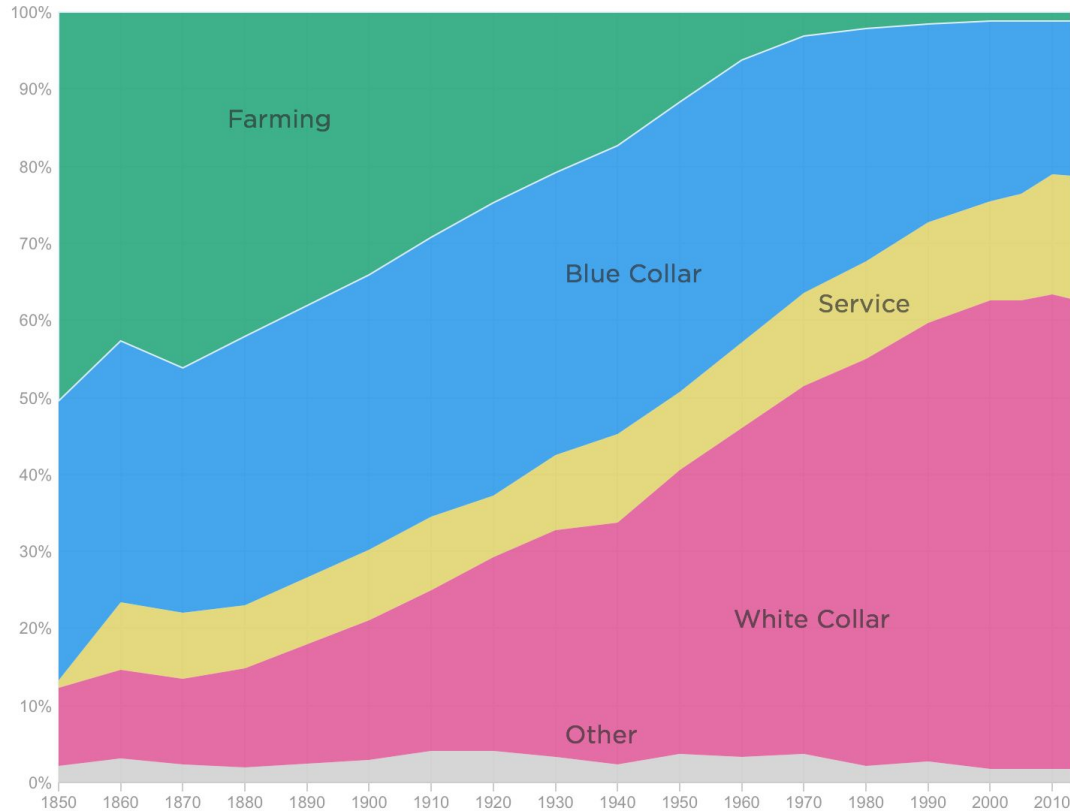
- Changes in the structure of the economy make some jobs/skills obsolete.
- Workers will have to be retrained for a new job.

Examples:

- VCR repairmen
- Auto assemblers fired as robots take over production
- U.S. company “outsources” jobs to a foreign country



Some Jobs Disappear



Some Jobs Disappear



AMERICA IN FOCUS

'RENTING' WAS ONLY WAY TO
OBTAIN MOVIES IN THE PAST



#2. Cyclical Unemployment

- Unemployment that results from economic downturns (recessions).
- As demand for goods and services falls, demand for labor falls and workers are fired.

Examples:

- Steel workers laid off during recessions.
- Restaurant owners fire waiters after months of poor sales due to recession.



#3. Frictional Unemployment

- “Temporarily unemployed” or between jobs. It takes time to find a job!

Examples:

- High school or college graduates looking for jobs.
- Individuals who were fired or quit and are looking for a better job.
- Seasonal work

Friend of Finland Friday, November 4

Mother of Monrovia Monday, November 7

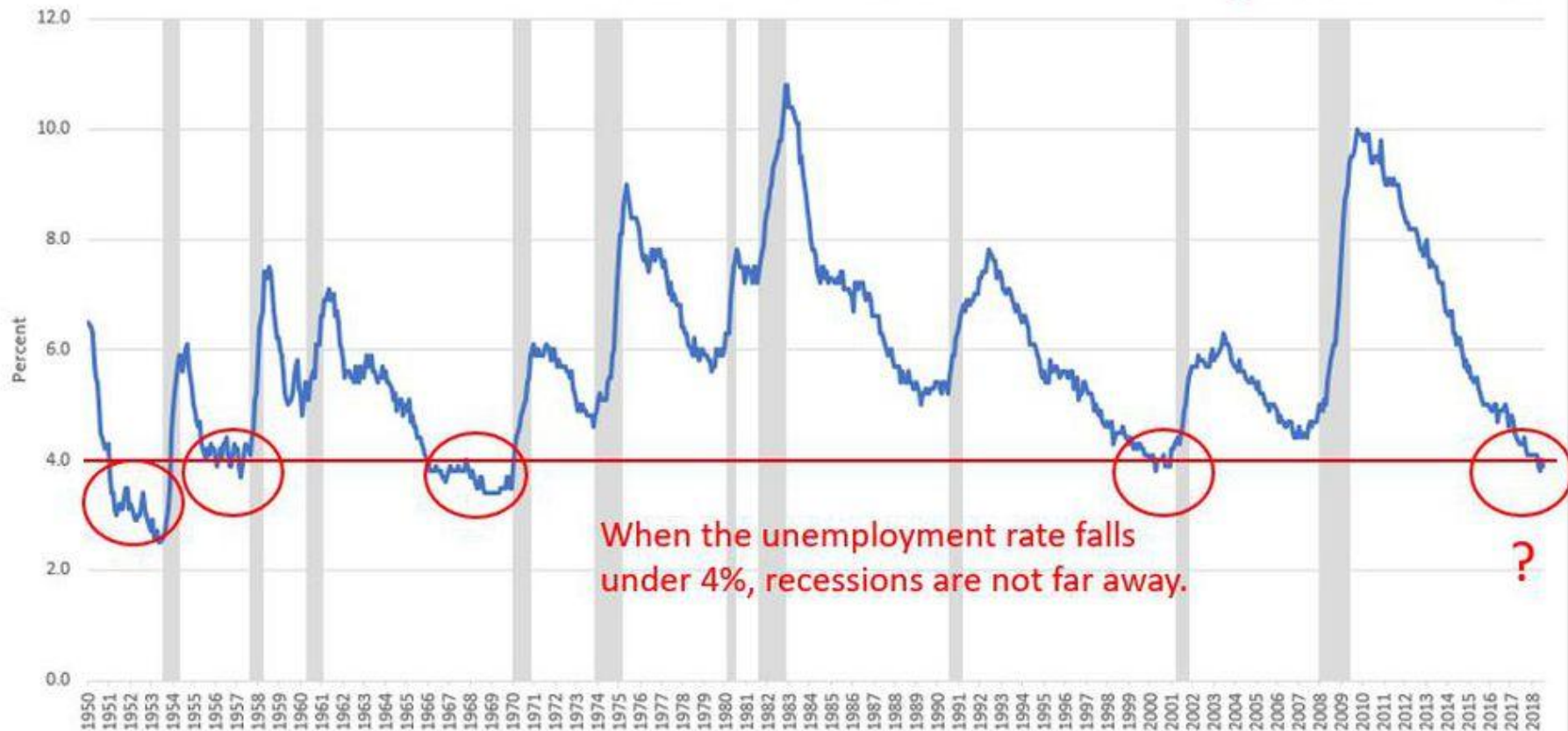
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U.S. Unemployment Rate



When the unemployment rate falls under 4%, recessions are not far away.

?

Recessions shown in gray

Source: St. Louis Fed

Natural Rate of Unemployment (NRU)

Many people assume that our goal is zero percent unemployment, but it's not. Why?



The Natural Rate of Unemployment

- Frictional and structural unemployment are present at all times because people will always be between jobs or technology should always be improving.
- So, the economy should be healthy if there is only frictional and structural unemployment.

The Natural Rate of Unemployment

- Natural Rate of Unemployment (NRU)- Frictional plus structural unemployment.
- Full Employment Output (Y)- The Real GDP created when there is no cyclical unemployment (i.e., at the NRU).

The US is at full employment when there is 4-6% unemployment.



Shaded areas indicate U.S. recessions

Sources: BLS, CBO

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37. Which type of unemployment would increase if workers lost their jobs because of a recession?

- (A) Cyclical
- (B) Frictional
- (C) Seasonal
- (D) Search
- (E) Structural

9. The official unemployment rate understates the unemployment level in the economy because the official unemployment rate
- (A) ignores the duration of unemployment
 - (B) ignores underemployed and discouraged workers
 - (C) includes jobs created by the underground economy
 - (D) excludes all unemployed teenagers
 - (E) excludes frictionally unemployed workers

25. When an economy is in equilibrium at potential gross domestic product, the actual unemployment rate is

- (A) equal to the cyclical rate
- (B) greater than the natural rate
- (C) less than the natural rate
- (D) equal to the natural rate
- (E) equal to zero

2006 Practice FRQ--See problem set

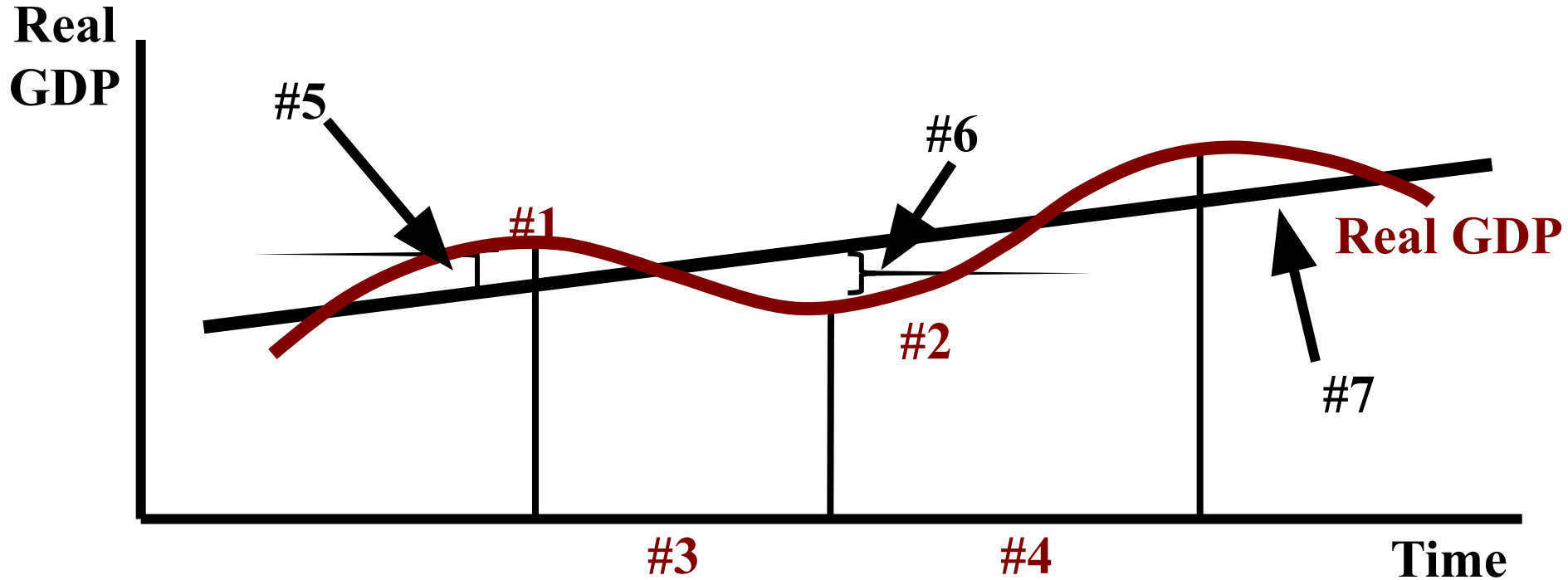
- (b) Assume that a significant number of workers are involuntarily changed from full-time to part-time employment. Explain how this will affect the number of people who are officially classified as unemployed.
- (c) Assume that the government reduces the level of unemployment compensation.
 - (i) Explain how this affects the natural rate of unemployment.

The Business Cycle



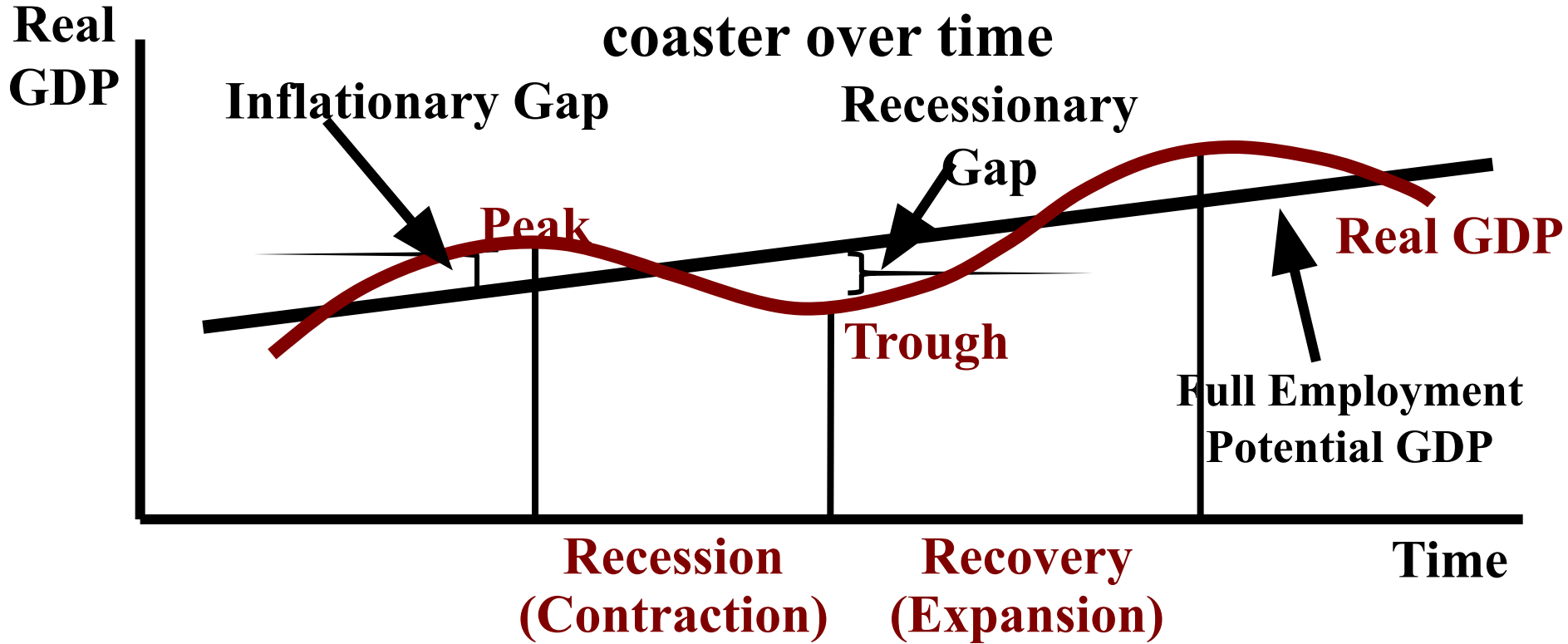
The Business Cycle Quiz

Identify the parts of the business cycle 1-7



The Business Cycle

The national economy goes up and down like a roller coaster over time



Draw a PPC with consumer goods on the horizontal axis and capital goods on the vertical axis.

Assume the natural rate of unemployment is between 4%-6%. Add the following points to your graph:

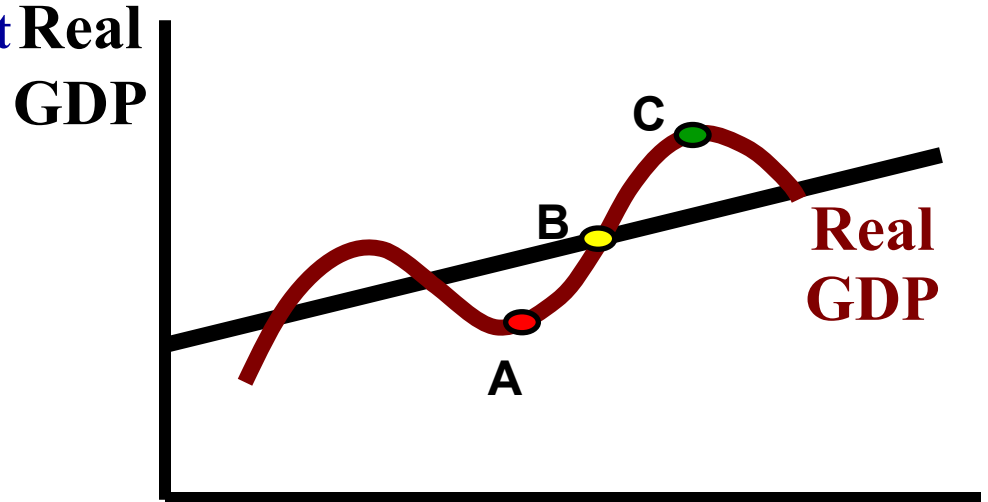
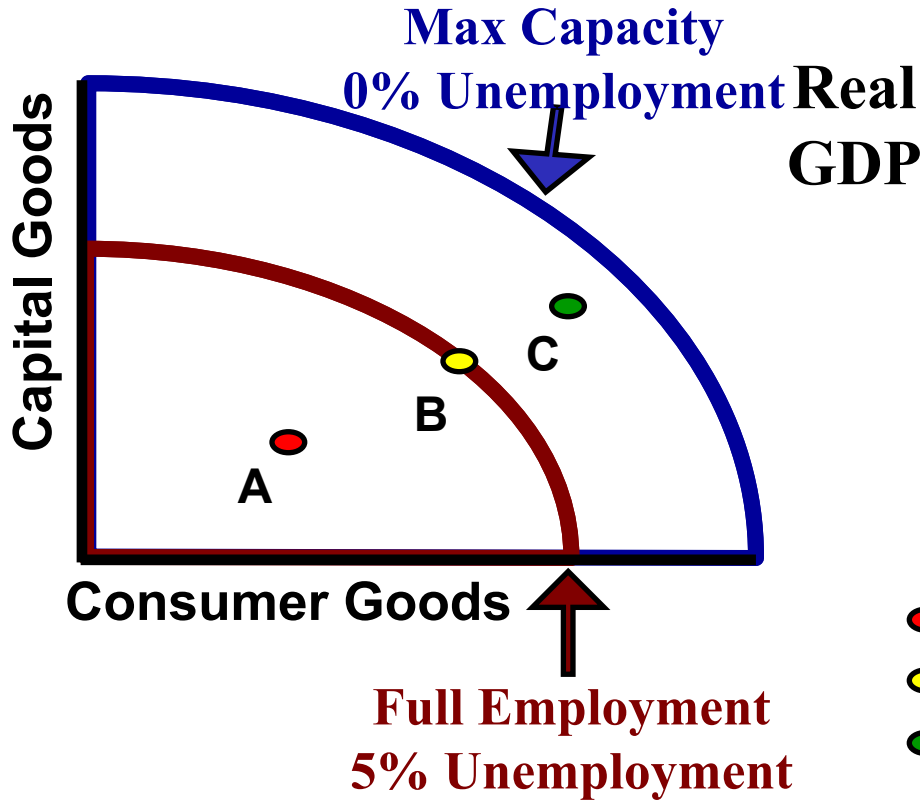
Point A - unemployment rate of 8%

Point B - unemployment rate of 5%

Point C - unemployment rate of 1%

Now draw a business cycle showing the same points.

The PPC and the Business Cycle



- 6+% Unemployment Time
- 4-6% Unemployment
- Super low unemployment leads to inflation

Kaboom! Review Game