

MONITORING JOBS AND THE PRICE LEVEL
PRACTICE QUESTIONS

1. L1-03881 LOS5.22.b

Which of the following variables is the *best* measure of the total amount of labor used to produce real GDP?

- a. Aggregate hours.
- b. Labor force participation rate.
- c. Employment-to-population ratio.

2. L1-00298 LOS5.22.c

Which of the following is *most likely* to lead to a reduction in the natural rate of unemployment?

- a. An increase in the minimum wage rate.
- b. An increase in the average technical skill levels of the labor force.
- c. An upturn in the business cycle leading to increased demand for labor

3. L1-00378 LOS5.22.c

What term *best* describes the normal level of unemployment expected to occur in an economy caused by workers voluntarily leaving their jobs in search of more satisfying work and individuals in the labor force not having the necessary skills to fill the available jobs?

- a. Natural.
- b. Cyclical.
- c. Structural.

4. L1-00459 LOS5.22.c

Workers quitting work to stay at home with their children is an example of:

- a. Individuals not counted in unemployment figures.
- b. Structural unemployment.
- c. Cyclical unemployment.

5. L1-02759 LOS5.22.c

The components of the natural rate of unemployment are structural and:

- a. Cyclical unemployment.
- b. Frictional unemployment.
- c. Embedded unemployment.

6. L1-03885 LOS5.22.d

Which of the following is a source of bias in the CPI calculation?

- a. Changes in the goods that compose the CPI basket, reflecting changes in average consumers' buying habits; these changes make it difficult to compare the CPI year-to-year.
- b. Changes in the relative prices of goods will lead consumers to change the quantities of goods they purchase.
- c. The CPI basket, which is updated quarterly, places too much weight on housing prices; many residents view housing as an investment, not a purchase.