

1. As of August, 2001, the Census Bureau reported the following statistics for the civilian, noninstitutional population (numbers of individuals in thousands):

	Men, 20+ years	Women, 20+ years	Both sexes, 16-19
Population	93,810	102,165	16,161
Labor force	71,713	61,743	8,406
Employment	68,828	58,851	7,226

Using these data, calculate the following (in %) for each demographic group:

- a. labor-force participation rate
 - b. unemployment rate
 - c. employment/population ratio
2. Use supply and demand diagrams to analyze the impact of each of the following changes on wages and employment in the construction industry:
- a. A decrease in the accident rate due to improved safety technology.
 - b. An increase in demand for new housing.
 - c. Increased wages in factory jobs.
3. Over the past 25 years, wage inequality has increased. That is, the gap in pay between skilled workers and unskilled workers has grown wider. Various explanations for this change have been offered. For each of the following hypotheses, use two supply and demand diagrams — one for unskilled workers, and one for skilled workers — to show how the wage gap would change. Which hypotheses predict a widening of the wage gap?
- a. Immigration of low-skilled workers has increased in recent decades.
 - b. Corporate downsizing has led to reductions in the demand for skilled workers and middle managers.
 - c. Technological changes have increased the productivity of skilled workers in many industries.
 - d. Increasing educational levels have left behind the unskilled, who are a declining proportion of the workforce.
4. The California minimum wage is scheduled to rise from \$6.25 to \$6.75 per hour in January. Use a diagram of supply and demand in the labor market to predict the impact of this change on the unemployment rate and the employment-population ratio for low-skilled workers in California. What assumptions, if any, have you made about the unregulated equilibrium wage?