Chapter 11 Review

1. Classify each of the following individuals as employed, unemployed, or outside of the labor force.

a. Charles Renaud: Owner of the Cityscape Bar and Grill

b. May Lau: A high school student hired to work at Dub’s Burger Barn for the summer, who starts in three weeks

c. Jared Turner: a full-time college student who often works about 20 hours for his parents at their business

d. Jill Scott: an on-call substitute teacher who did not receive any calls to work this week.

2. Which type of unemployment is most damaging to the U.S. Economy? Explain your answer.

3. Identify the following as examples of demand pull or cost push inflation:

a. an increase in price of a popular toy at Christmas when the stores sold out of the product

b. an increase in the price of orange juice because of a drought in Florida

c. an increase in the price of Chunky Chicken products because of a union-negotiated wage increase for production workers.

4. What are some of the limitations of income distribution measurements?

5. What is the relationship between the Lorenz curve and the Gini Index? Draw and label the different parts of the Lorenz Curve.

6. Give an example of someone who is underemployed and explain why the person is underemployed.

7. Explain how changes in technology have influenced the growth in the income gap.