

Economics 231 Principles of Macroeconomics
Section 5
Spring 2010
Homework 4

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Due date: Thursday, April 1, 2010 at the beginning of your section

10 points

1. [2 points] Go to the BLS Occupational Handbook (<http://www.bls.gov/oco/home.htm>) and look at the entry for any job (to make this assignment relevant, choose a job in which you might be interested).
 - (a) What is the outlook for the job you chose?
 - (b) What kind of education or training is required?
 - (c) What are the wages or salaries in this occupation? Is that higher or lower than what you would expect or is it close to what you would expect?

2. [3 points] Read this article “Has Structural Change Contributed to a Jobless Recovery” by Groshen and Potter (http://www.newyorkfed.org/research/current_issues/ci9-8.pdf).
 - (a) What is the textbook’s definition of cyclical and structural unemployment?
 - (b) What is the article’s thesis concerning the two types of unemployment?
 - (c) What are the reasons they give for the increased structural change in the economy?

3. [1 1/2 points] Problem #4 from chapter 10 “Facts and Tools” (page 213)

4. [1 1/2 points]
 - (a) Milton Friedman once said, “Inflation is always and everywhere a monetary phenomenon.” What did he mean by that statement?
 - (b) In chapter 11 of the text, the authors make the claim that, “In the long run, money is neutral.” What do they mean by that statement?
 - (c) How do these two statements say much the same thing?

5. [2 points] Discuss the negative effects of high inflation. Discuss why inflation can be difficult to stop.