Assignment 4
Econ 321 – Fall 2011
Due: Monday October 17, 2011
This is an individual assignment

Part 1: This will use information compiled from the U.S. Bureau of Labor Statistics web site http://www.bls.gov/. The first part of the analysis will use a monthly release of employment and unemployment data called the Employment Situation Summary found at http://www.bls.gov/news.release/empsit.nr0.htm

1. Go to Table A.1: Employment status of the civilian population by sex and age.
   a. Compute the labor force participation rate, employment rate, and unemployment rate using seasonally adjusted data for September 2011 for the following groups. (Make sure to show your work)
      a. Men age 20 and over
      b. Women age 20 and over
      c. Teenagers age 16 to 19
   b. Compare the results between men and women. Who has the higher unemployment rate? Employment rate? Labor force participation rate?

2. Go to Table A.2: Employment status of the civilian population by race, sex, and age
   a. Calculate the unemployment rate using seasonally adjusted data for September 2011 for the following groups:
      i. White males 20 years and over
      ii. Black males 20 years and over
      iii. White women 20 years and over
      iv. Black women 20 years and over
      v. White teenagers (16 to 19 years)
      vi. Black teenagers (16 to 19 years)
   b. Is there a problem? Discuss.

3. Go to Table A.4: Employment status of the civilian population 25 years and over by educational attainment
   a. Derive the unemployment rates for the four different education groups for the most recent month using seasonally adjusted data. Who has the most stable employment?
   b. Which of these groups is most interested in participating in the labor market? Which measure would you use to answer that question?

4. In May 2007, the overall unemployment rate was 3.9%. Presuming that rate is consistent with approximate full employment, we would expect job rationing to be eliminated. Scroll down to the link called “Access to historical data for the "A" tables of the Employment Situation Release”. Click the link to A2: Employment status of the civilian population by race, sex, and age. Once in the Data Retrieval webpage, check the boxes corresponding to unemployment rate for white men aged 20 and over, Black men aged 20 and over, white teenagers (16 to 19), and Black teenagers (16 to 19). Use the seasonally adjusted rates on the
rightmost column. Scroll down to the bottom of the table and click the “Retrieve data” button.

c. Is there any evidence that there is job rationing by skills? Explain.

Part II. Use Table B.8: Average hourly and weekly earnings of production and nonsupervisory employees on private nonfarm payrolls by industry sector, seasonally adjusted

a. Suppose you earn the same hourly wage as the average worker in Professional and Business Services in September 2011. You can potentially work as many as 2400 hours per year. You have $2500 in nonlabor income. Sketch out your annual budget constraint with home time on the horizontal axis and market goods on the vertical axis.
b. Suppose you switch jobs and are hired by an electric utility that pays you the average hourly wage for utilities in September 2011. On the same graph, draw the new budget constraint.
c. What is the direction of the income and substitution effects on home time and market work?