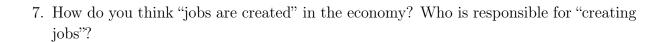
ECO 120: Macroeconomics	Name:	
In-class Exercise		
Labor Markets	Section (Circle One): 7:45 - 9:10AN	4 9:25 - 10:50AM
using graphs, you must clearly credit for an answer. All pap	Eup to four people and answer the follows and correctly label all axis and curves ers will be collected, but only one men and all members of the group will receive	to receive non-zero aber's paper will be
the group, and you are willing	hat the following work represents the ento accept as your own grade for the ground of your group's work. Every member for this assignment.	up project the grade
Signature Group Member	Print Name	Date
Signature Group Member	Print Name	Date
Signature Group Member	Print Name	Date
Signature Group Member	Print Name	Date

1.	How do you think "jobs are created" in the economy? Who is responsible for "creating jobs"?
2.	Illustrate and describe the impact of an improvement in computer technology on the aggregate labor market. What is the impact on wages and employment in equilibrium?
3.	Illustrate and describe the effect of an increase in taxes on proprietorship income and corporate revenue on the labor market. What is the impact on wages and employment in equilibrium?

4. There was a large decline in stock market prices in the United States from 2008-2009 during the most recent recession and financial crisis. The Dow Jones Industrial Average dropped by 54% from its peak from October 2007 to March 2009. Many people who were planning to retire near this time saw the value of their lifetime savings decline substantially. Describe the effect this has on people's retirement decisions, and describe and illustrate the impact on the labor market.

5. From 2009-2012, due to sluggish economic conditions, Wisconsin state and local governments, like most state and local governments in the United States, found themselves with substantially less revenue collected from taxes than in previous years. With limited willingness and ability to expand government borrowing, many state and local governments decreased expenditures on public programs, leading to decreases in employment of government workers. Illustrate and describe the effect on wages and employment in equilibrium in the aggregate labor market.

6.	Suppose a labor market is currently in equilibrium when there is a decrease in deman for final goods across the economy.		
	(a)	Illustrate and describe the impact on the labor market. What is the impact on wages and employment in equilibrium?	
	(b)	Suppose that resistance among employers and employees prevents the wage level from falling, so that the in the short run the economy is away from its equilibrium. How does the quantity of labor demanded compare to the quantity of labor supplied? How is this situation often described?	
	(c)	Suppose eventually wages across the economy were allowed to fall. What would be the impact on the level of employment?	



8. One UW-L General Education learning outcome that this course strives to meet is to enhance your knowledge and ability to think critically and creatively. Describe a new way of thinking that you developed with this exercise, and one specific aspect of real world economic situations that you better understand as a consequence.