

ECO 103, Winter 2021, Required Homework Assignment #2
Due by the start of class on Friday, April 30

This assignment asks you to examine issues in labor markets beyond what we are focusing on during class. Many questions ask you to read some source material from before the pandemic and then investigate how the pandemic has affected those aspects of the labor market. You are also asked to make some calculations in Excel and to construct a graph

Instructions: Answer all questions. In most cases, one or two concise paragraphs are sufficient and you should avoid the temptation to write more.

1. The Urban Institute has an [article](#) on the consequences of long-term unemployment. Briefly explain why economists view long-term unemployment as especially damaging to households.
2. Go to the St. Louis Fed's FRED database and obtain some data on long-term unemployment in the U.S. or another country. Explain why you chose this variable. Construct and present a graph of this variable over time (do not use the one provided by FRED, construct one using spreadsheet software).
3. How has the covid-19 recession affected long-term unemployment? How does this compare to previous recessions?
4. This [article](#) from *Brookings* discusses racial disparities in the U.S. unemployment rate. What concerns do the authors have with relying on a definition of full employment that only considers the overall unemployment rate?
5. Using data from FRED, discuss whether the covid-19 recession impacted different racial groups in the United States similarly? How has this compared to past recessions?
6. Has the Federal Reserve responded to this concern? Provide a reference. Here are [sample citations](#) from the *American Economics Association*, which uses the Chicago Manual of Style.
7. This [article](#) in *Forbes* discusses how Europe's labor markets differed from those of the United States in the aftermath of the Great Recession. What is meant by Europe's labor market's being "less flexible" than those of the U.S.?
8. How have unemployment rates in Europe differed from those in the U.S. since 2010? Explain how you obtained these data.
9. What trade-offs are involved with increased worker protections in labor markets?

10. From FRED, obtain data on U.S. daily stock prices before and after the start of the pandemic. Convert your data into the percentage daily change.
11. In a spreadsheet, calculate the standard deviation of stock price changes before and after the pandemic (a few months before is sufficient).
12. Have stock prices become more or less volatile? Why do you think this change has happened?