

1. Why do macroeconomists often characterize unemployment as a process of search? Why does this mean that unemployment can sometimes be good?
2. Is it ever feasible to have an unemployment rate of zero in a diverse, modern economy? Explain.
3. Suppose that I was hiring a student as a research assistant and you applied for the job. Would you work harder if I offered you a wage of €10/hour than if I paid you €5/hour? Why? Relate this result to the phenomenon of “efficiency wages.”
4. Characterize in general terms the patterns of unemployment since 1970 in (1) the United States and United Kingdom and in (2) western continental Europe. What differences in labor-market policies and in the structure of the labor markets of the countries do economists think help to explain these differences in unemployment?