

Assignment One

You **MUST** do your own work. You may cite authoritative sources when they inform your responses but the answers to the assignments must be your own original thought. You may **NEVER**, under any circumstances, use the work of another student, past or present.

Your paper should conform to and follow **APA 6th Edition style and formatting guidelines for references ONLY**. These are short answer assignments and much of the guidelines below refer to the body of a text. It is not necessary that you submit a long form essay style answer. **Simply provide your answers in short paragraphs clearly indicating which question you are answering.** Your “paper” does not need to have an abstract. See <http://owl.english.purdue.edu/owl/resource/560/01/>.

Read "[*Past and Prospective Causes of Unemployment*](#)" by Paul Krugman

Questions for Krugman

1. What is the difference between structural and cyclical unemployment?
2. **If demand pushes unemployment below its natural rate what is the consequence? What evidence does Krugman cite for this claim?**
3. Briefly explain Hysteresis and contrast it with the natural rate hypothesis.
4. Recreate table 2 "Skill level vs unemployment in the UK 1984" for the US in the most recent year possible. Cite your sources and clearly label your table and all of its components. (This should NOT be a table of educational attainment)
5. **If the welfare state is weak (the welfare payments are low) why does a push towards inequality not lead to as much unemployment as it does in a strong welfare state?**
6. What does Krugman mean when he says "The available evidence suggests, however, that the unemployment problem has a life of its own and is not simply part of a generalized deterioration in economic performance."?