

**Eco 210 Introductory Macroeconomics**  
**GVSU, Kuhelika De**

**Information Literacy Assignment: The Unemployment Rate & the Long-Term Unemployed**

**Total: 100 points**

**Due: In Class, Thursday, April 16**

Introductory Statements

This course is part of the General Education Program at GVSU and will help you develop some of the liberal arts skills that are important to your education: “Quantitative Literacy” and “Problem-Solving” skills. The Seidman College of Business has also adopted “Information Literacy” as a skill goal for our graduates. Faculty in the Economics Department agree that these are important skills, and have volunteered to include all three in the Introductory Economics courses.

The GVSU library has a webpage dedicated to information literacy

<http://www.gvsu.edu/library/facultystaff/information-literacy-core-competencies-16.htm>

Here is how that page defines information literacy:

*Information literacy is the ability to identify, access, evaluate, and synthesize multiple forms of information. Information is expressed in many forms: text, data, images, and multimedia. Becoming information literate is a multi-step, iterative process that includes articulating the need for information; finding information efficiently; thinking critically about resources; managing the abundance of information available; using information ethically; synthesizing and incorporating information into one’s knowledge base; and creatively expressing and effectively communicating new knowledge.*

In this assignment you will learn and/or practice

- 1) About different sources of information for doing research.
- 2) How to evaluate sources of information and why this is important.
- 3) About important sources of data concerning labor market statistics.
- 4) APA format and practice citing sources using APA format.
- 5) (A little bit) about unemployment, how it is measured and its use as a measure of the business cycle.

**Sources of Information for this Assignment**

Library’s Homepage: [www.gvsu.edu/library](http://www.gvsu.edu/library)

For database search, refer to this link below and watch the videos on database searching.

<http://libguides.gvsu.edu/eco210/databases>

The library has links to style guides for APA format located at

<https://libguides.gvsu.edu/citations/APAstyle>

The Purdue University Guide (OWL) is a good one, the link is here:

<https://owl.english.purdue.edu/owl/resource/560/01/>

The library also provides a selection of "citation tools":

<http://libguides.gvsu.edu/c.php?g=108372&p=702167>

If you use these tools, it is your responsibility to check that they format your references properly.

The library also provides some guidance on how to evaluate sources of information:

<http://libguides.gvsu.edu/c.php?g=108420&p=702143>

The final page of your assignment should be a reference list. Cite all sources of information—papers, data, and so on—even when you were told where to get the information--it is good practice and for credit.

### **Background**

One part of being a critical thinker/researcher is to be discerning about your sources of information. Information comes from many different sources. There are "popular journals", like magazines and newspapers, there are "trade journals" and then there are peer-reviewed, scholarly journals. Scholarly publications are the gold-standard for sources, but that does not mean they are perfect.<sup>1</sup> One must also be careful when using books on economic issues. Some are written by scholars, some are not. Some books are really a series of articles written by different authors. These may or may not have been peer-reviewed. If using books as a source for your research, you should confirm the credentials of the author and critically evaluate the quality of the information and research presented.

Also the government publishes a wealth of economic data and analysis.<sup>2</sup> You will likely find "Working Papers" on your research topic--these have a lot of the characteristics of scholarly journal articles, but they have not gone through the peer review process. In many cases these papers will go through significant revision before being published (if they are ever published).

There are also other sources of information--"Think Tanks and "Blogs" are two sources of lots of economic analysis and information.<sup>3</sup> When you use Google (or some other search engine) to search the internet for information on an economic topic, you will frequently get links to various think tanks. But one must be careful when using information provided by think tanks. Consider the following quote from SourceWatch: [www.sourcewatch.org](http://www.sourcewatch.org):

*Think Tank is an organization that claims to serve as a center for research and/or analysis of important public issues. In reality, many think tanks are little more than public relations fronts, usually headquartered in state or national seats of government and generating self-serving scholarship that serves the advocacy goals of their industry sponsors...Of course, some think tanks are more legitimate than that. Private funding does not necessarily make a researcher a shill, and some think-tanks produce worthwhile public policy research. In general, however, research from think tanks is ideologically driven in accordance with the interests of its funders.*

This is painting with too broad a brush. Many think-tanks are well-respected sources of economic research and analysis. But one must use these carefully.

In this assignment you are asked to create some graphs using Excel. Take care to make these graphs "professional" looking: Add appropriate titles, legends and labels. Choose appropriate size fonts. If you are printing in black-and-white, make sure the format allows the reader to distinguish between the different lines and bars. Your grade will be partially determined by the quality of the graphs. **Do not simply download pre-made graphs from the internet. You are required to create all graphs yourself using Excel.**

This assignment asks you to make time-series graphs. A time-series graph maps a variable of interest against time. The variable of interest is on the vertical axis and time is measured on the horizontal axis. For

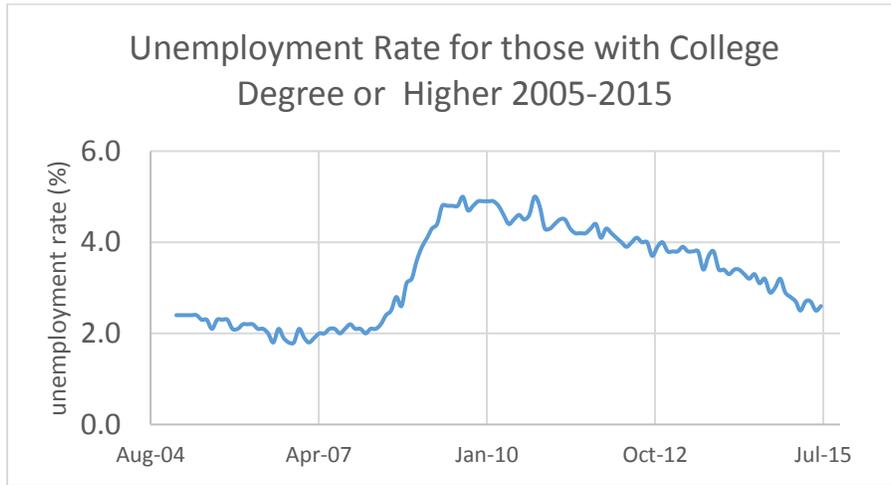
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<sup>1</sup> For an interesting article on flaws in the peer-review process, see the article, "Trouble in the Lab" in *The Economist*, October 19, 2013.

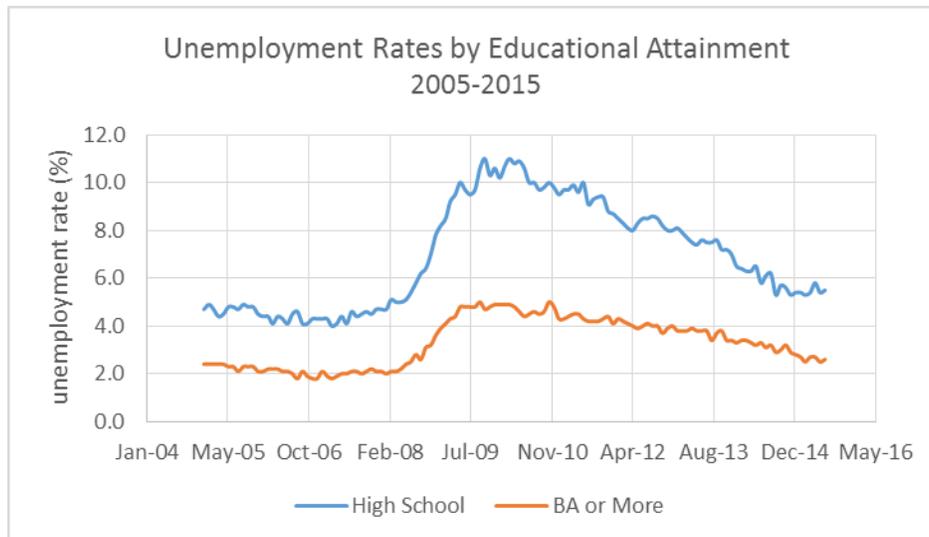
<sup>2</sup> For example, the Federal Reserve System's regional banks publish all sorts of economic information and analysis. And so do many government agencies, such as the Bureau of Labor Statistics, the Census Bureau, the Federal Trade Commission, and so on.

<sup>3</sup> The AEA webpage discussed above has lists of think tanks and blogs that cover economic issues.

example, the following is a time-series graph showing the monthly unemployment rate for those with a college degree or more education from 2005-2015.



You can plot more than one time-series on the same graph. For example, the following graph plots the unemployment rate for those with a high school degree and for those with a College Degree or higher:



The unemployment rate is an important measure of the macro economy. But it is debatable as to whether the official unemployment rate is the best measure of the health of the labor market. As you will see in this assignment, since the end of the Great Recession, the unemployment rate in the US has fallen dramatically, but the Employment to Population ratio has not improved as much.

An essay format is NOT required. Just answer the questions completely and thoroughly in order, fulfilling all requests in each question. Also mark question numbers in your report. For the entire assignment, use APA style for citations and references. Everything must show in one document, including all graphs, tables, references, and so on.

**The Unemployment Rate & the Long-Term Unemployed**  
**Total: 100 points**

Develop answers to each of the questions carefully and thoroughly. Answer all questions in order. Mark your answers with the order numbers. Write in complete sentences, no bullet points.

1. (10 points) Go to: <http://libguides.gvsu.edu/eco210/periodicals>  
Read about the differences in the types of sources. The first type “Scholarly Journals” belong to the scholarly source, “News/Newspapers” and “Popular Magazines” belong to the popular source, and “Trade Magazines” are professional/Trade source.
  - a) (4 points) What are the differences in the 3 types of sources – scholarly, trade, and popular? Be comprehensive. (*Note: Copying and pasting the librarian’s table will result in 0 point for the question. Don’t copy and paste. Formulate your own thoughts and summarize in your own words in sentences, not bullet points.*)
  - b) (3 points) Why are scholarly journals more reliable than the other sources?
  - c) (3 points) Briefly research the publications below and state whether they are “popular”, “trade” or “scholarly”:

*The New York Times*  
*Journal of Development Economics*  
*CFA Digest*  
*Forbes*  
*American Economic Review*  
*ABA Journal*  
*The Wall Street Journal*  
*Rolling Stone*  
*Journal of Political Economy*  
*The Economist*

2. (10 points) Go to: <http://libguides.gvsu.edu/c.php?g=108420&p=702393>
  - a) (5 points) This link directs you to criteria used to evaluate sources of information, such as websites, periodical articles, and books. Summarize what are the important criteria to evaluate sources?  
(*These following sources serve the same purpose:*  
<http://libguides.gvsu.edu/eco210/websiteevaluation>  
<http://library.ucsc.edu/help/research/evaluate-the-quality-and-credibility-of-your-sources> )
  - b) (5 points) Suppose you wanted to do some research on recession. You did a google search for “What causes a recession?” and encountered this article from Investopedia, <http://www.investopedia.com/ask/answers/08/cause-of-recession.asp>  
Is this a good source for your research? Explain using what you learned in 1) and 2).

Based on your learning from 1) and 2), I ask that for the remainder of the assignment, you pay careful attention to the sources of information and be critically selective with the sources that you will use.

3. (10 points) First, a reminder of how labor force statistics are calculated. Provide definitions of the following terms and provide the citation for your definition (e.g., a textbook, a website, professor lecture, etc.):

Labor Force Employed Unemployment Rate	Labor Force Participation Rate Unemployed
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4. (10 points) The Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)) calculates and reports the official unemployment rate every month. The statistics are calculated using data from the Current Population Survey (CPS). The CPS is a household survey conducted by the US Census Bureau for the BLS.<sup>4</sup> You can learn more about the survey at <http://www.census.gov/cps/> and <http://www.bls.gov/cps/>
- a) (5 points) How many households are surveyed in the CPS?
- b) (5 points) In your opinion, is the information collected by the CPS important for government officials? Private persons and firms? Explain.
5. (20 points) The “CPS Databases” at the BLS webpage allow you to download labor market statistics as Excel files. Find the databases on the CPS homepage at the BLS: <http://www.bls.gov/cps/> Download the unemployment rate statistics from 1979-present (find these statistics by clicking on “Top Picks”).<sup>5</sup>
- a) (5 points) Use the Excel file to create a time-series graph of the unemployment rate. In which year was the unemployment rate the highest during this period? **Do not simply download the BLS graph, make your own graph using Excel.**
- b) (5 points) Your answer to (a) may make you wonder why the recession that started December 2007 is called the “Great Recession” since the unemployment rate was higher in other recessions. The unemployment rate is simply a measure of the number of people unemployed at a given point in time—it doesn’t tell us anything about how long the typical spell of unemployment lasts. This information, however, is available from the CPS databases. Find the time series, “Average Weeks Unemployed”, download the data for 1979-present and show it in a time series graph.
- c) (10 points) Use the data at the CPS databases to calculate long-term unemployed (defined as unemployed for 27 weeks or longer) as a percent of the total number unemployed from 1979-present. Make a time-series graph of this percentage. Is the percent of unemployed people who are long-term unemployed important for the economy and policy (as opposed to simply the unemployment rate in the economy)? Why or why not? Using ABI/INFORM find at least two articles discussing the long-term unemployed in the US that you use to form your opinion. Cite the articles in proper APA format.

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<sup>4</sup> The BLS also surveys firms. This is known as the “establishment survey”. The official name is the Current Employment Statistics Program (CES). See <http://www.bls.gov/ces/> . The employment/unemployment statistics from the CES do not always match well with the CPS statistics. Here is a nice article from the *New York Times* in which economist Alan Krueger explains why: [http://krueger.princeton.edu/files/09\\_18\\_2003.pdf](http://krueger.princeton.edu/files/09_18_2003.pdf)

<sup>5</sup> The "default" way the data is presented is in "Table format", but you will want "Column format" to do this, click on the link for "More formatting options" and then ask for column format. You will notice that, once you download the data, there will be a hyperlink for an Excel file of the data.

6. (30 points) The time-series graphs you created demonstrate that the unemployment situation has improved dramatically since the official end of the recession (June 2009), although the Average Weeks Unemployed statistics are still high by historical standards.<sup>6</sup> Still, many economists and other observers of the US economy believe the labor market continues to be “weak”. One piece of evidence is that the Labor Force Participation Rate (LFPR) has not rebounded from the recession. Also, to be considered employed you merely have to be working at least one hour per week. The unemployment rate, then, will improve if some people drop out of the labor force because they can’t find work (“Discouraged Workers”) or if people find part time work even though they want to work full time. Neither of these outcomes are consistent with a strong macro economy.
- (5 points) Download the data of the US LFPR from the CPS databases and graph this statistic from 2005-present.
  - (10 points) Using the ABI/INFORM COMPLETE database at the library webpage, find at least 3 articles on the US Labor Force Participation Rate for the recent period since 2005. What are the explanations given for the behavior of LFPR since the Great Recession? Provide properly formatted in-text citations for your sources in your discussion. Use the library’s link (in Question #2) for evaluation criteria to evaluate the sources you’ve found. Specifically, discuss the currency, authority and scholarliness of your sources. Also, be sure to cite these in your list of references.
  - (5 points) The BLS produces an alternative measure of unemployment, called the U-6 (“Alternative measure of labor underutilization”). The U-6 measure includes “Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons, as a percent of all civilian labor force plus all marginally attached workers.” What is the definition of “marginally attached workers”? Provide a citation for your source.
  - (10 points) On the same time-series graph, show the US unemployment rate and the U-6 from 1994-present. Why, do you think, the BLS defines the unemployment rate the way it does, rather than some other measure such as the U-6 or the Employment to Population ratio? Does the BLS explain this decision? What, in your opinion, is the best way to measure the status of the macro economy with labor market statistics? Support your opinion by reference to sources you’ve used to formulate your opinion.
7. (10 points) List all external information in a section of **References** at the end of the paper conforming to APA style. All information includes data, articles, documents from the government websites, and so on.

**NOTE:**

- ❖ All external information must be cited in the text following APA. For data, indicate the source. For articles or documents, cite them according to APA.
- ❖ All graphs must be professionally presented, including a title, the vertical axis properly labeled to show the variable or its unit, proper time label along the horizontal axis, (all variables must be presented with “lines”, not bars or others) legends for the lines with different patterns (solid, dashed, etc) to distinguish them from each other.
- ❖ The entire report should use texts that are Times New Roman style, font size 12, double spaced for the text, with 1 inch margins.

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<sup>6</sup> The National Bureau of Economic Research (NBER) is the organization that officially dates the business cycle in the US. See: <http://www.nber.org/cycles/main.html>