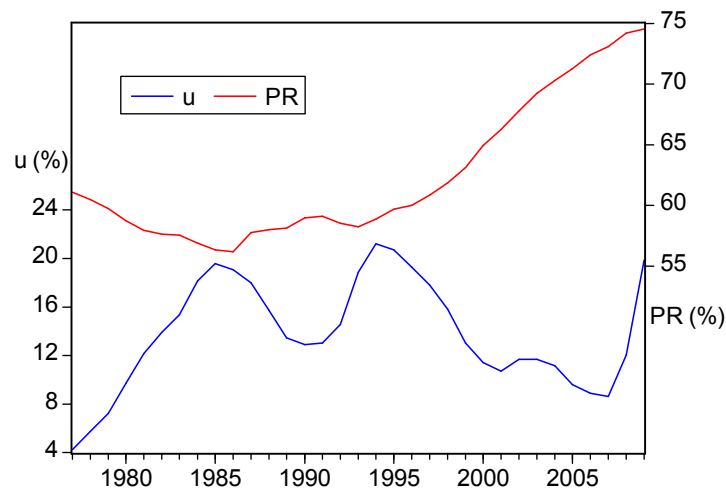


Practice 4 – Introduction to Labor Economics (deadline: before next tutorial)

Answer the following questions based on what was seen during the last week.

1) How would you explain the relatively low participation rate (PR) in the 1980s in Spain, coinciding with high rates of unemployment (u), while after the crisis (2007 and on), high rates of unemployment are consistent with a relatively high participation rate?



2) Why do you think the female participation rate has increased over the last century in a significant way? List some of the causes and explain them.

3) The following table illustrates the growth of real wages (Δw , in %) and the evolution of the unemployment rate (u, %) in Spain in the years since the last crisis:

	Δw (%)	u (%)
2007	0.26	8.63
2008	2.84	12.03
2009	2.75	19.86

It is said that markets "adjust by price or quantity." What can you deduce from the table, knowing that the labor market in Spain is quite inflexible when adjusting by quantity (employees)? Think and elaborate.

4) Determine, through a simple graph, what would be the final effect on real wages and the level of employment of a particular labor market, when we consider an increase in the legal immigration which is accompanied by an increase in the aggregate demand. Consider that both effects are of the same magnitude.