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4. Suppose an increase in immigration leads to both more workers entering the labor force and an increase in demand for final goods and services. Describe and illustrate the impact on equilibrium wages and employment.
5. Suppose more two-adult households decide to have only one member of the household participate in the labor force, rather than both adults. Describe and illustrate the impact on equilibrium wages and employment.
6. Suppose the aggregate labor market is initially in equilibrium when consumer confidence falls, leading consumers to want to spend less and save more as a precautionary measure. If wages are sticky, describe and illustrate the impact on employment, unemployment, and wages.