Teaching Plan

Title	Unemployment & Job Search
Instructional Objectives	➢ To calculate the unemployment rate for the class's experimental labor market in a given period. ➢ To discuss the tradeoffs made in the labor market during the job search process, including the costs and benefits of continuing a job search vs. accepting a wage offer.
Keywords and Concepts Illustrated	➢ Unemployment rate
Needed Time	➢ A double-lesson period, 80 minutes in total

Sessions	Details	Time Spent
Activity/ Announcement	1 T: Imagine that every one of you has graduated and is now searching for job. What do you have to do when you are searching for job? (Prepare and send resumes, travel to and from interviews etc.) All the things that we have to do when searching for job are costly. In today's experiment, we are going to track our job search experience and record information on this labor market as a whole.	5 mins
	2 T: You are going to work with your neighbor in this experiment. At the beginning, you don't have any job. But it is assumed that you have sufficient skills to accept a job if one is offered.	15 mins
	3 T: This experiment will be conducted for 2 rounds, and each round consists of 10 periods. At the beginning of each period, those who do not have jobs can decide whether or not to actively search for a job. In the first round, searching does not cost you anything. However, it will cost you $100 in the second round. This cost is incurred whether or not a job offer is received or accepted.	
	4 T: Any pair who wants to search for a job, one of you can come up to my desk here for a draw. I have prepared all the job cards (Table 1) inside this bag. You will find on the card the wage that you can earn from this job. Then you have to decide, with your partner, whether you accept this offer or not. If you accept, you will earn that salary for all the periods in that round and you cannot quit for	

	another job in all the following periods. If you reject, you can go back to the queue and start searching again in the next period until you accept a job card drawn later on. The wages range from \$0 to \$1000. When you pick a job card which states \$0, that means you don't get a job offer! Of course, you can search for job again in next period. 5 Teacher distributes Student Record Sheet – Round 1 (Table 2) to every student. T: Here is a record sheet for each pair of you to track your job search experience. 6 T: So after 10 periods, or when everyone who wants to actively search for a job gets one, we will move onto Round 2. In Round 2, basically you will keep searching for jobs, but this time it will cost you \$100. We will see how this cost will affect your searching decision. 7 T: Finally, the pair that earns the highest income after 2 rounds wins! 8 Start Round 1 and 2. 9 Discussion 9.1 Calculate the unemployment rate for each period of Round 1. (Teacher should teach students how to calculate this rate.) 9.2 What happened to the unemployment rate as the experiment progressed from period 1 to 10 in each round? Why did it behave this way? *(It should be decreasing because in every period there should be some people accepting their offers and quitting searching for job.)* 9.3 How do the unemployment levels in Round 1 differ from those in Round 2 when search costs are added? *(The unemployment rates over time in Round 2 should be lower than those in Round 1, since offers will be accepted more quickly when the cost of remaining unemployed, i.e., job search cost increases).*	50 mins 10 mins
Roles of Teacher	➢ Facilitator ➢ Input data	
Tools	➢ Copy and cut Table 1's wage cards	

	➢ Container for wage cards ➢ Copy enough Table 2 to each pair of students ➢ Computer ➢ LCD projector ➢ Prize for the winning pair.	
Definitions	➢ Unemployment – refers to the proportion of unemployed persons in the labor force. It is computed as the no. of unemployed persons divided by the size of the labor force and multiplied by 100%. (Lam 1996: 324)	
References	➢ Yandell, D. 2002. Using Experiments, Cases, And Activities in the Classroom 2nd ed. (New Jersey: Prentice Hall). ➢ Lam, P. L. 1998. Advanced Level Macroeconomics 3rd ed. (Hong Kong: Macmillan Publishers).	

Appendix **Materials for Teacher**

Table 1 Wage Distribution and Wage Cards

Table 2 Student Record Sheet