## EMPLOYMENT/UNEMPLOYMENT

## Unemployment Types:

Structural unemployment: Unemployment caused by changes in the industrial makeup of the economy.
This occurs when people lose jobs due to improvements in technology (market innovations) that replace the human element.

Frictional unemployment: Unemployment caused by delays in matching available jobs and workers which can result from information availability and government policies. The temporary transition time from leaving one job, and finding a new one.

Cyclical Unemployment: Caused by recessions, or economic downturns.
Natural unemployment $=$ Frictional + structural
Actual unemployment $=$ Natural + Cyclical

## Population (P)



Not Age-Eligible (NAE)
Age-Eligible (AE)
(Under 16 years-old)
(Military)
(Institutionalized)
(Non-residents)


Not in Labor Force Labor Force (LF)
(Non-employed)

Unemployed
(Did any work for pay: Full and part-time)
(Worked in own business with or without pay)
(Worked in family business $15+$ hours a week without pay)
(Temporarily absent from a regular job)

Equations:

```
Population = Not Age- Eligible + Age Eligible
Population = Not Age-Eligible + (Not in Labor force + Labor Force)
Population = Not Age-Eligible + [Not in Labor Force + (Employed + unemployed)]
Labor Force = Employed + unemployed
Age Eligible = Not in Labor force + Labor Force
    Labor Force
    Participation }\quad=\frac{#\mathrm{ in labor force }}{\mathrm{ Rate of Age-Elibigle}
    Employment }=\frac{\mathrm{ # employed }}{\mathrm{ # of Age-Elibigle}
Unemployment
    Rate (UR) = #unemployed
```

