

EMPLOYMENT/UNEMPLOYMENT

Unemployment Types:

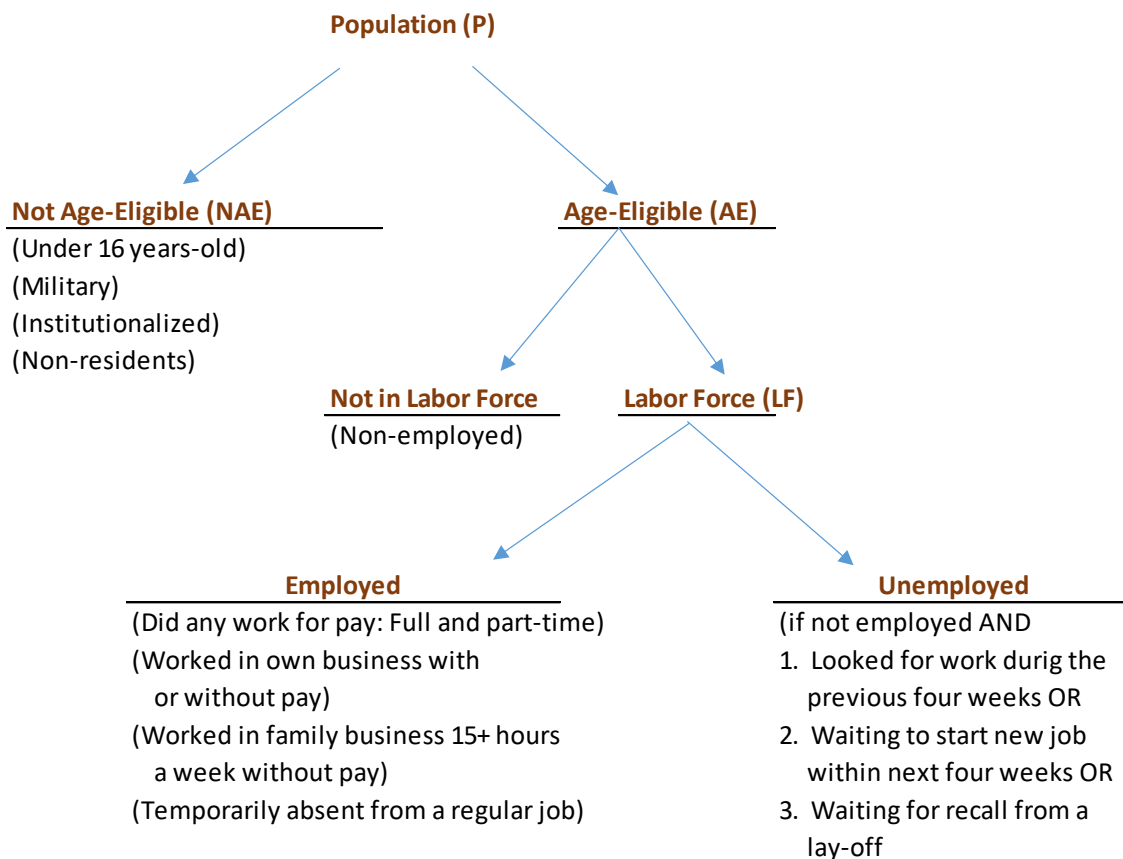
Structural unemployment: Unemployment caused by changes in the industrial makeup of the economy. This occurs when people lose jobs due to improvements in technology (market innovations) that replace the human element.

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



Equations:

$$\text{Population} = \text{Not Age- Eligible} + \text{Age Eligible}$$

$$\text{Population} = \text{Not Age-Eligible} + (\text{Not in Labor force} + \text{Labor Force})$$

$$\text{Population} = \text{Not Age-Eligible} + [\text{Not in Labor Force} + (\text{Employed} + \text{unemployed})]$$

$$\text{Labor Force} = \text{Employed} + \text{unemployed}$$

$$\text{Age Eligible} = \text{Not in Labor force} + \text{Labor Force}$$

$$\begin{array}{l} \text{Labor Force} \\ \text{Participation} \\ \text{Rate} \end{array} = \frac{\text{\# in labor force}}{\text{\# of Age-Eligible}}$$

$$\begin{array}{l} \text{Employment} \\ \text{Rate} \end{array} = \frac{\text{\# employed}}{\text{\# of Age-Eligible}}$$

$$\begin{array}{l} \text{Unemployment} \\ \text{Rate (UR)} \end{array} = \frac{\text{\#unemployed}}{\text{\# in LF}}$$