

◆ UNEMPLOYMENT: WHO'S WORKING AND WHO ISN'T ◆



The Bottom Line

Unemployment exists officially when people in the civilian labor force, 16 years and older, are willing and able to work and actively looking for a job, but can't find one. The **unemployment rate** is the number of people unemployed divided by the number of people in the civilian labor force. It is expressed as a percentage.

There are various categories of the unemployed. They include: workers between jobs (frictional unemployment); workers whose industries and skills have been rendered obsolete by a changing economy (structural unemployment); and workers whose jobs have been lost because of general economic factors, like a recession (cyclical unemployment). Still, the key conditions in determining whether someone is officially unemployed are "no job, but ready and looking."

While some unemployment is unavoidable, its costs can be considerable to individuals and their families, as well as to society as a whole.



Personal Economics

Here is a list of friends and relatives. Label them as either employed (E), unemployed (U), or not in the labor force (NLF). For the unfortunate friends who are unemployed (U), further characterize their unemployment as frictional (U-F), structural (U-S), or cyclical (U-C).

- Joey, age 15; dropped out of high school; can't find a job. _____
- Uncle Paul, age 32; left Riley Auto Sales to find a new job across town. _____
- Aunt Millie, age 38; laid off at the beginning of a recession; desperate for work. _____
- Mario, age 50; quit his job after winning the lottery; enjoying early retirement. _____
- Jan, age 23; fired from last job, but not looking for work right now. _____

- Hiroko, age 58; formerly a top engineer in the nearly obsolete LP record industry until her employer went out of business; looking to find a position in the CD industry. _____



Beyond the Bottom Line

Jim is married and a father of three. He recently lost his job when his company went out of business. He qualified for some temporary unemployment compensation from the state and his family had some limited savings. Still, these monies only partly covered the loss of his income.



Assume that Jim is your dad. What is the cost of his unemployment, in monetary and nonmonetary terms, to your family?

What specific goods and services would your family have to do without if your family's income dropped by 50 percent? How would your behavior change?

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What is the cost of Jim's unemployment, in monetary and nonmonetary terms, to society?

What specific businesses might be affected by your family's loss of income?

Summarize the overall monetary and non-monetary costs of unemployment.



Internet Economics

The U.S. Labor Department's Bureau of Labor Statistics (stats.bls.gov) is the place to find unemployment data. Check out the "Economy at a Glance" section to see what the latest unemployment picture looks like. For an excellent explanation of the methods used to calculate unemployment, follow the links to "How the Government measures unemployment" (under "Publications and Other Documentation"). For even more specific data, follow the links to the

news releases and regional sections (under "Related Programs"). At the news releases site, study the unemployment data. They are organized by age, gender, race, and educational attainment.

Using the BLS site for reference, answer the following questions:

What is the current national unemployment rate?

What has been the trend in unemployment over the last 12 months?

Which groups have the highest and lowest rates of unemployment?

How do teenagers fare? _____

At the regional site, find out how your region/metropolitan area is doing.

Is the local unemployment rate higher or lower than the national rate?

Why do you think that there is or might be a difference?
