



Unemployment

MEGA LECTURE

IGCSE

Unemployed

Anyone who is eligible to work, is willing to work and is looking for work but **cannot find** a job.

Eligible to work – **Working Age Population**

Willing to work – **Labor Force**

Working Age Population

All the people of the country's population who are eligible to work.

MEGALECTURE

Labor Force

All the people of working age population who are willing to work.

Anyone of the working age population who is not willing to work will be **not part** of the labor force.

How to calculate Unemployment Rate

If the unemployment rate is 10 % this means out of 100 people who were willing to work 90 found jobs while the remaining 10 did not.

Labor Force Participation Rate

Labor Force participation rate shows the **percentage of people** who are willing to work out of the total people who are **eligible to work**.

Types of Unemployment

1. Cyclical Unemployment: it is when due to low demand for products like it happens in a recession there will be reduced demand for labor resulting in unemployment.

2. Structural Unemployment: When there is some sort of structural change taking place in the economy which results in some products becoming obsolete like typewriters, non-smart phones etc and therefore people connected to these industries get unemployed.

Types of Unemployment

3. **Frictional Unemployment:**

when someone is unemployed when someone is between switching jobs.

4. **Seasonal Unemployment:** is when for some industries there is only seasonal demand or these industries only operate during few months of the year like agricultural, sugar mills, tourism etc. Therefore people connected to these seasonal industries will become unemployed during off seasons.

Types of Unemployment

5. **Casual Unemployment:** it is when the nature of job is such that people can be unemployed during periods of usual employment like actors, singers, sportsmen etc.

Casual Unemployment happens because a person is not working full time with any company / business.

Solutions for Unemployment

Cyclical Unemployment: to increase aggregate demand which can be done using expansionary fiscal or expansionary monetary policy.

Structural Unemployment: provide training to help them acquire new skills that will help the person find new employment.

Frictional Unemployment: provide more information to potential applicants about the job vacancies available. Reduce unemployment benefits which will encourage people to more actively look for jobs.

Solutions for Unemployment

Seasonal Unemployment: having more part time and temporary positions available for people who are seasonally unemployed.

Casual Unemployment: creating more similar type of jobs for people who are causally unemployed.

Cost of Unemployment

1. Loss of GDP

2. Government expenses will increase due to unemployment benefits.

3. Social problems like more crime rate.