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Concept 27 – Unemployment Companion Activity

**Teacher Key**

The unemployment rate is one of the most important economic measurements used to determine the health of an economy. This lesson explains how it's calculated and why all unemployment is not the same, and why not everyone without a job is unemployed.

1. Either have students navigate to Econ Express Concept 27 or navigate there and project for everyone to see. For much more detail on the topics of unemployment survey and labor force calculations, see <https://www.bls.gov/cps/cps_htgm.htm>

2. Instruct students to navigate through the Practice Activity handout (page 2) or lead a class discussion as students use the handout to guide their thinking on unemployment calculations.

3. Analyze the fictional character scenarios as a whole group or instruct students to record their responses to the character analysis on the chart provided.

4. Review the correct responses and feel free to use the handout as an assessment on this topic.

***Suggested Answers to Student Practice Activity***

1. The labor force in the U.S. = the number of unemployed + ***the*** ***employed***.

2. In order to qualify as unemployed in the U.S. a person must be 16 years old or older, able to ***work*** and actively searched for a job in the past ***four*** weeks.

3. Unemployment rate= # of unemployed/labor force x 100. “If there were 100 people in the labor force, 95 of them had jobs and the remaining 5 were not working, able to work, and actively searching, the unemployment rate would be ***5%.”*** *Show work:* ***5/100 x 100= 5%***

4. If you work at a summer camp teaching life skills to youth and then return home after the camp ends and start looking for another job, you are experiencing ***seasonal*** unemployment. *\*this unemployment scenario is a lot like frictional unemployment, as a job seeker in this situation can likely find another job quickly.*

5. When a worker’s skills do not match-up with the jobs available, or when a worker is replaced by a new technology they are experiencing ***structural*** unemployment and may need to gain new skills or experience before finding their next job.

6. Full employment does NOT mean 0% unemployment; there will always be ***frictional*** and ***structural*** types of unemployment.

7. The Advanced page identifies another category, discouraged workers. If some unemployed people become discouraged workers during a recession, what happens to the unemployment rate?

*(Increase, Decrease, or No Change):* ***Decreases***

Why is this problematic for policymakers who are trying to allocate resources to the public?

***If the number of discouraged workers increases because some unemployed believe there is no job available for them or they have been unable to find work, the unemployment rate will decrease. Policymakers may have a hard time assessing the true health of the economy and the labor markets if discouraged workers leave the labor force.***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Character*** | ***Structurally***  ***Unemployed*** | ***Frictionally Unemployed*** | ***Cyclically Unemployed*** | ***Seasonally Unemployed*** | ***Not in the Labor Force*** |
| Mrs. Motel |  |  | ***X*** |  |  |
| D.D. Fixer | ***X*** |  |  |  |  |
| Jeffrey |  |  | ***X*** |  |  |
| Jay |  |  |  |  | ***X*** |
| Mrs. Potts |  |  |  | ***X*** |  |
| Chef S. |  |  |  | ***X*** |  |
| Shaun |  | ***X*** |  |  |  |
| Ida Shovel | ***X*** |  |  |  |  |
| Marsha |  |  |  |  | ***X*** |
| Fred |  | ***X*** |  |  |  |

Bonus Question: How many workers in the chart above are considered part of the natural rate of unemployment?

***Eight workers are either frictionally or structurally unemployed and would be considered part of the natural rate of unemployment.***

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Concept 27– Unemployment Companion Activity

Student Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The unemployment rate is one of the most important economic measurements used to determine the health of an economy. This lesson explains how it's calculated and why all unemployment is not the same, and why not everyone without a job is unemployed.

Practice Activity: *Read the Beginner page for Concept 27 on Econ Express to answer the following,*

1. The labor force in the U.S. = the number of unemployed + the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

2. In order to qualify as unemployed in the U.S. a person must be 16 years old or older, able to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and actively searched for a job in the past \_\_\_\_\_\_\_\_\_\_\_\_ weeks.

3. Unemployment rate= # of unemployed/labor force x 100. “If there were 100 people in the labor force, 95 of them had jobs and the remaining 5 were not working, able to work, and actively searching, the unemployment rate would be \_\_\_\_\_\_\_\_%.” *Show work:*

*Read the Intermediate page for Concept 27 on Econ Express to answer the following,*

4. If you work at a summer camp teaching life skills to youth and then return home after the camp ends and start looking for another job, you are experiencing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment. *\*This unemployment scenario is a lot like frictional unemployment, as a job seeker in this situation can likely find another job quickly.*

5. When a worker’s skills do not match-up with the jobs available, or when a worker is replaced by a new technology they are experiencing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ unemployment and may need to gain new skills or experience before finding their next job.

6. Full employment does NOT mean 0% unemployment; there will always be \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ types of unemployment.

7. The Advanced page identifies another category, discouraged workers. If some unemployed people become discouraged workers during a recession, what happens to the unemployment rate?

*(Increase, Decrease, or No Change): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.*

Why is this problematic for policymakers who are trying to allocate resources to the public?

*Complete the Practice for Concept 27 on Econ Express and help match the fictional characters with their current employment situation. Place an “X’ next to the appropriate description of each.*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Character*** | ***Structurally***  ***Unemployed*** | ***Frictionally Unemployed*** | ***Cyclically Unemployed*** | ***Seasonally Unemployed*** | ***Not in the Labor Force*** |
| Mrs. Motel |  |  |  |  |  |
| D.D. Fixer |  |  |  |  |  |
| Jeffrey |  |  |  |  |  |
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Bonus Question: How many workers in the chart above are considered part of the natural rate of unemployment?