

3.2 Unemployment

Key Words

Employment	The use of labour in the economy to produce goods and services
Unemployment	People of working age who are willing and able to work at the current wage rate but are unable to find employment.
Claimant Count	The method of measuring unemployment according to the number of people who are claiming unemployment benefits.

What is unemployment?

This is when people who are willing and able to work can't find employment.

This does not include people such as pensioners, full-time students, and stay at home parents as they are choosing not to be employed.

How is unemployment measured?

Claimant Count - Measuring unemployment according to the number of people who are claiming unemployment benefits.

Calculation of unemployment rate

The **unemployment rate** is the:

$$\frac{\text{number of unemployed people}}{\text{total number of people in the labour force}} \times 100$$

Consequences of unemployment

Individual	Government	Regional
Loss of earnings	Will collect less money in income tax and VAT	Less spending by individuals
Lack of self esteem	More money needs to be paid out in benefits	Businesses suffer because of fall in demand
Loss of skills	Less money to spend elsewhere eg education	Crime may increase

Types of unemployment

Cyclical

Unemployment caused by a lack of demand in the economy (relating to the trade cycle)

Structural

Unemployment caused by a permanent decline of an industry or industries

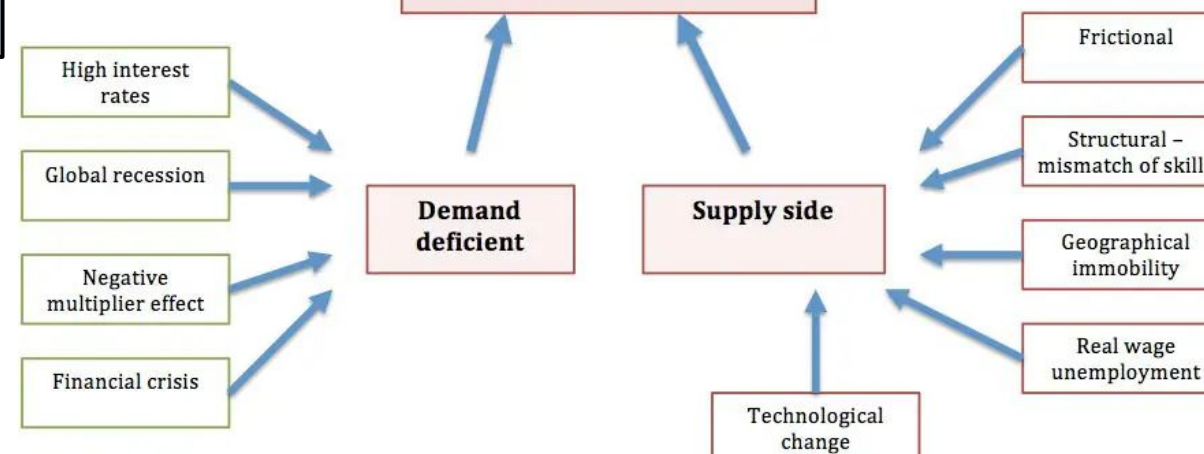
Frictional

Unemployment caused by time lags when workers move between jobs

Seasonal

Unemployment caused by a fall in demand during a particular season

Causes of unemployment



Video



Quizizz



Video



Specification

