Unemployment Review Sheet

**Humphrey-Hawkins Act:** Congressional Act which establishes goals for the economy:

 unemployment rate of under 4%

 steady economic growth (production)

 price stability -- average level of prices stay the same -- 0% inflation rate

**Labor Force: All work eligible adults** (excludes retired people, those too young to work, anyone not actively seeking employment

**Full Employment:** when most individuals who are able to work (labor force) are employed.

**Unemployment:** the percentage of work eligible adults not employed.

Labor Force Participatioin Rate (LFPR) =

Unemployment rate =

Five types of unemployment =

 1) **Cyclical:** people who lose their jobs due to a **recession - slow/negative growth in the economy**

2) **Structural:** mismatches between skills and openings

 (ex - lack of education, welders in Cleveland but jobs in Dallas)

 3) **Frictional:** People who are between jobs.

 (ex: Just out of school or scheduled to start a new job next month)

 4) Seasonally: People only hired for a portion of year

 (ex: lifeguards)

 5) Discouraged or Hidden unemployed: People who are able to work, but don't pursue employment. Not considered part of the labor force.