Types of Unemployment
ECO 2013 and ECO 2023
ECO 201 and 202

Answer each of these True or False.
If False, rewrite to make the statement True:

1. When the growth rate of the labor force is faster than the growth rate of the unemployed, then the unemployment rate is falling.

2. The underemployed are included among the unemployed.

3. The discouraged workers are all counted among the unemployed.

4. Frictional unemployment stems from an insufficient level of demand in the economy.

5. Full employment means everyone in the labor force has a job.
Answers:

1. When the growth rate of the labor force is faster than the growth rate of the unemployed, then the unemployment rate is falling.

   Answer: True
   The labor force is the base, while the unemployment rate is the proportion of the labor force.

2. The underemployed are included among the unemployed.

   Answer: False
   Underemployed are working part-time or below their capacity.

3. The discouraged workers are all counted among the unemployed.

   Answer: False
   They are not counted in the unemployment calculations.

4. Frictional unemployment stems from an insufficient level of demand in the economy.

   Answer: False
   Frictional unemployment incorporates workers who are between jobs or entering the labor market (unemployed).

5. Full employment means everyone in the labor force has a job.

   Answer: False

   Full employment is the lowest rate of unemployment compatible with price stability; variously estimated at between 4 and 6 percent unemployment.