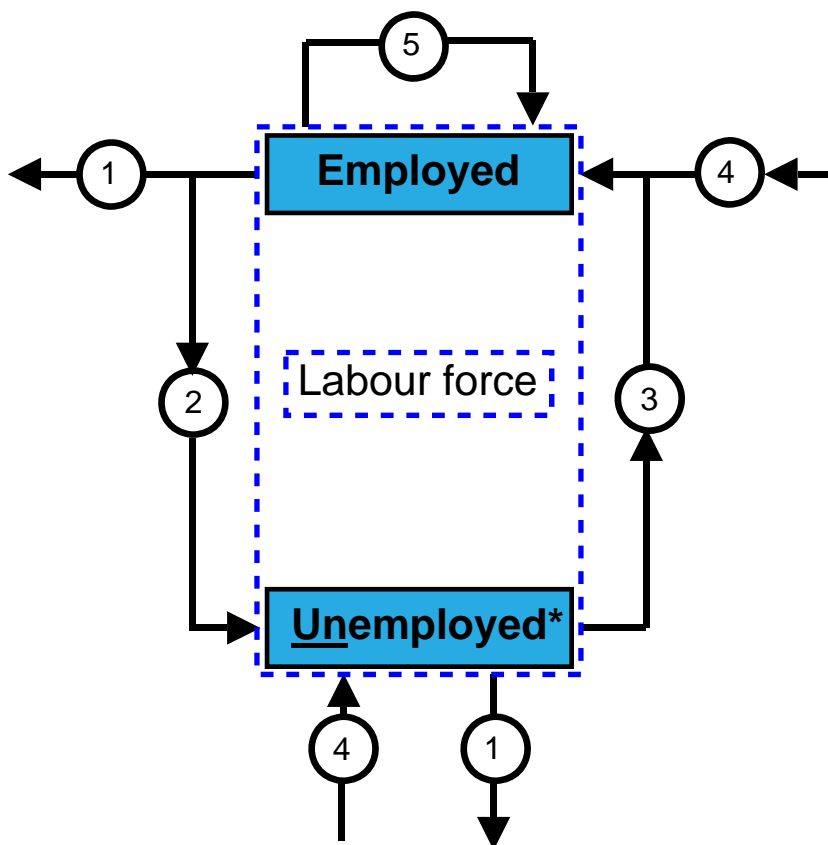


# Unemployment and Labour Force

## 1 Labour force (stock) and flows

Labour force = employed and unemployed persons



- ① leaving the labour force (example: retirement)
- ② getting unemployed
- ③ getting employed again
- ④ entering the labour force (example: young people)
- ⑤ changing the job

\* Requirements:  
1 not working, but  
2 able to work and  
3 looking for work

## 2 Unemployment rate (%)

$$= \frac{\text{Unemployed}}{\text{Labour force}} * 100$$

### 3 Types of unemployment (U)

31	Seasonal U	occurs during certain times of the year (example: ski-tourism)
32	Frictional U	because of flows between jobs and of joining the labour force
33	Structural U	because of changes in technology
34	Cyclical U	because of recessions during the business cycle

### 4 Impact of unemployment

41 On the personal level	42 On the macro level
Frustration, loss of skills	<p>Loss of output</p> 