Unit 2: Unemployment Drill Work Answers

Directions: Complete the following question below in the space provided.

1. Unemployment is a problem that a nation frequently faces

Employment for Country ‘Merica!

|  |  |
| --- | --- |
| Working Age Population | 1000 |
| Employed Full-time | 600 |
| Employed Part-time; but seeking full-time employment | 120 |
| Not working, but actively seeking employment | 80 |
| Not working and not seeking employment | 200 |

1. Using the information from the table above, calculate the unemployment rate.

# unemployed/labor force x 100

**80/800 = .10 x 100 = 10%**

1. Using the information from the table above, calculate the labor force participation rate.

Labor Force (#UE + EM)/Working Age x 100

**800/1000 = .80 x 100 = 80%**

1. If the country of ‘Merica! begins to calculate people as part-time for economic reasons as unemployed, what would the new unemployment rate be?

#unemployed + Economic Part Time/labor force x 100

**200/800= .25 x 100 = 25%**

1. Using the figure calculated in part (a), if the country’s natural rate of unemployment is 5%, is ‘Merica! experiencing any cyclical unemployment? Explain?

**Yes – anything over the natural rate of unemployment indicates that there is cyclical unemployment is occurring. The natural rate of unemployment is actually considered “full employment” and considers structural, frictional and seasonal unemployment to be a natural part of the employment cycle.**