

BA Part 2 (Paper - 4)

Economics (Hons)

Topic : Meaning of Unemployment

What is Unemployment?

Unemployment is a term referring to individuals who are employable and actively seeking a job but are unable to find a job. Included in this group are those people in the workforce who are working but do not have an appropriate job. Usually measured by the unemployment rate, which is dividing the number of unemployed people by the total number of people in the workforce, unemployment serves as one of the indicators of a country's economic status.

Understanding Unemployment

The term "unemployment" is often misunderstood, it as it includes people who are waiting to return to a job after being discharged, yet it does not include individuals who have stopped looking for work in the past four weeks due to various reasons such as leaving work to pursue higher education, retirement, disability, and personal issues. Also people who are not actively seeking a job but do want to work are not classified as unemployed.

Interestingly, people who have not looked for a job in the past four weeks but have been actively seeking one in the last 12 months are put into a category called the "marginally attached to the labor force." Within this category is another category called "discouraged workers," which refers to people who have given up looking for a job.

The categories mentioned above sometimes causes confusion and debate as to whether the unemployment rate fully represents the actual number of people who are unemployed. For a full understanding, one should juxtapose "unemployment" with the term "employment," which the Bureau of Labor Statistics (BLS) describes as individuals aged 16 and above who have recently put hours into work in the past week, paid or otherwise, because of self-employment.

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