

Unemployment

The percentage of the labor force that is seeking a job but does not have one is known as the **unemployment rate**. The unemployment rate is defined as follows:

$$\frac{\text{Unemployed Workers}}{\text{Employed} + \text{Unemployed Workers}} \times 100\%$$

Unemployed workers are those who are jobless, seeking a job, and ready to work if they find a job.

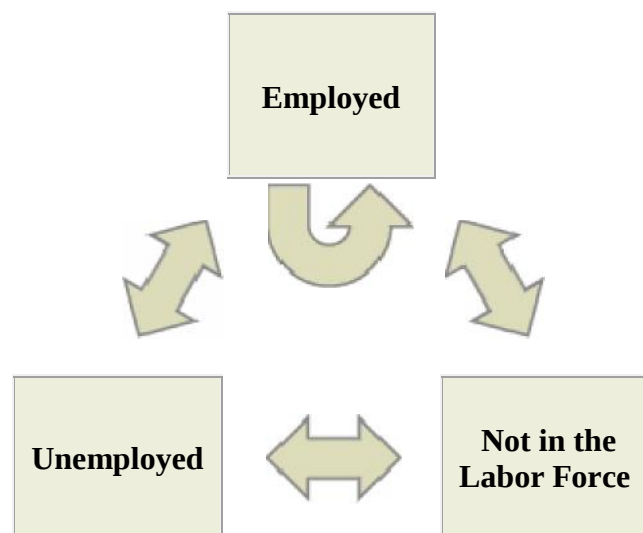
The sum of the employed and unemployed workers represent the total labor force. Note that the labor force does not include the jobless who are not seeking work, such as full-time students, homemakers, and retirees. They are considered to be outside the labor force.

The *labor force participation rate* is the percentage of the adult population that is part of the total labor force. All of these measures consider only persons 16 years of age or older.

The movement among the three groups can be illustrated as shown in the following diagram.

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Model of Labor Force Movement



The diagram shows seven possible movements: