

Unemployment (Economics)

Nobody - including business professionals and those who want to be employed - enjoys talking about unemployment, or the state of being out of work for those who are fit to hold a job, but it's an important consideration of the financial industry. The unemployment rate, or the official percentage of work-eligible persons who aren't currently hired, is often used to gauge the health of an area's economy generally; broadly speaking, a high unemployment rate indicates a poorly performing economy, while a low unemployment rate indicates a solid economy.

With that said, an unemployment rate of zero percent, meaning that every single eligible individual in an area is employed, is entirely unrealistic, and will never be seen. Full employment refers to an unemployment rate wherein almost every eligible employee is working, and a rate wherein few additional individuals can be expected to work. The common reasons for these persons not working could include their coming into an abundance of wealth but temporarily deciding against retirement, and their choosing for personal reasons (such as caring for a family member) not to seek employment. Generally, an unemployment rate of just five percent or so is indicative of full employment. Accordingly, when the national or statewide unemployment rate is somewhere in the ballpark of five percent, it means that few individuals are unable to find work.

Did you understand the text?

1) What is unemployment?

- a) The act of being fired from a job
- b) The time employees spend away from the office
- c) The state of being out of work for those who are fit to hold a job
- d) The process of a company downsizing its employee count

2) What is the unemployment rate?

- a) The official percentage of work-eligible persons who aren't currently hired
- b) A figure that's used to gauge the overall health of an economy
- c) The number of individuals who've been hired in the past month
- d) 1 and 2

3) What is full employment?

- a) The status of a company that has too many staff members
- b) The condition of employees who're satisfied with their work
- c) An unemployment rate wherein almost every eligible employee is working
- d) None of the above

4) What unemployment rate is generally indicative of full employment?

- a) 10%
- b) 50%
- c) 5%
- d) rate has to be zero to call it full employment

5) Low unemployment rates typically indicate which of the following:

- a) A booming economy
- b) A poorly performing economy
- c) No economic shift
- d) Much lower-than-normal wages