

138M

Employed



Unemployed
16M

Labor Force = 138 + 16 = 154

U

rate

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$$(16 / 154)^* 100 = 10.4\%$$

$$\text{New Lf} = 138 + 15 = 153$$

New UU_r =

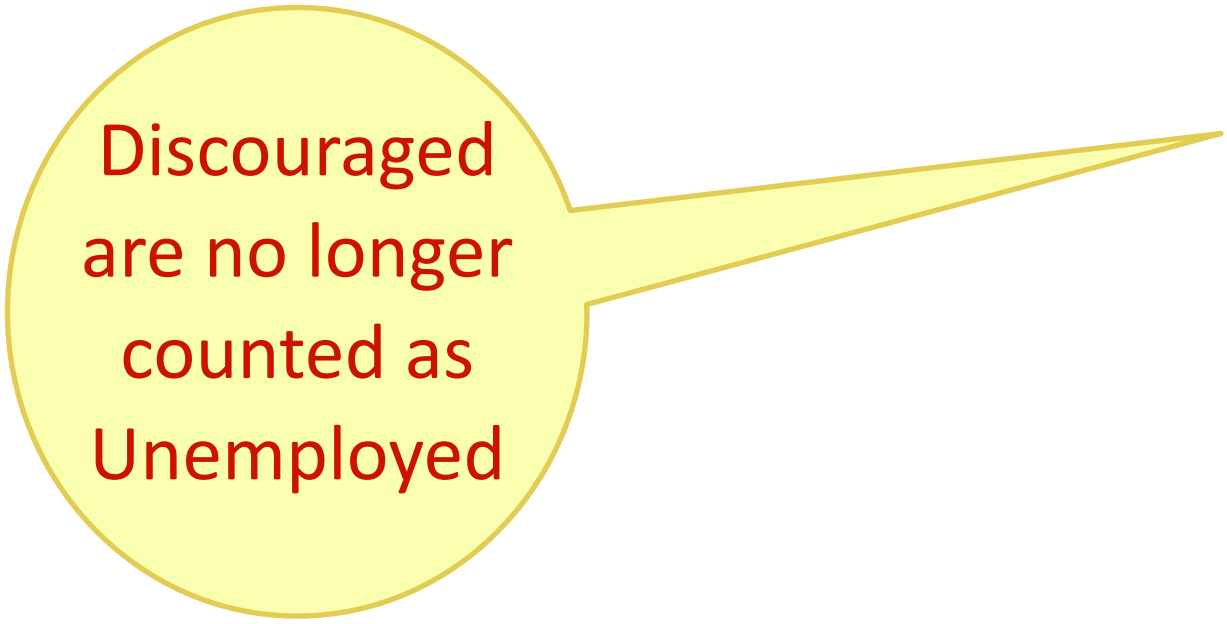
$$(15/153)*100 = 9.8\%$$



New
Unemployed
 $16 - 1 = 15$

1M give up
looking for work

An **increase** in the number of discouraged workers results in a **decrease** in the unemployment rate!



Discouraged
are no longer
counted as
Unemployed



$$U_{\text{rate}} = (16 / 154) * 100 = 10.4\%$$

$$\text{New LF} = 138 + 15 = 153$$

$$\text{New } U_r = (15 / 153) * 100 = 9.8\%$$


An **increase** in the number of discouraged workers results in a **decrease** in the unemployment rate!

The **Longer** the Recession lasts,