


$$(16/154)*100 \equiv 10.4\%$$

1M give up
looking for work



Employed

138M

$$\text{Labor Force} = 138 + 16 = 154$$



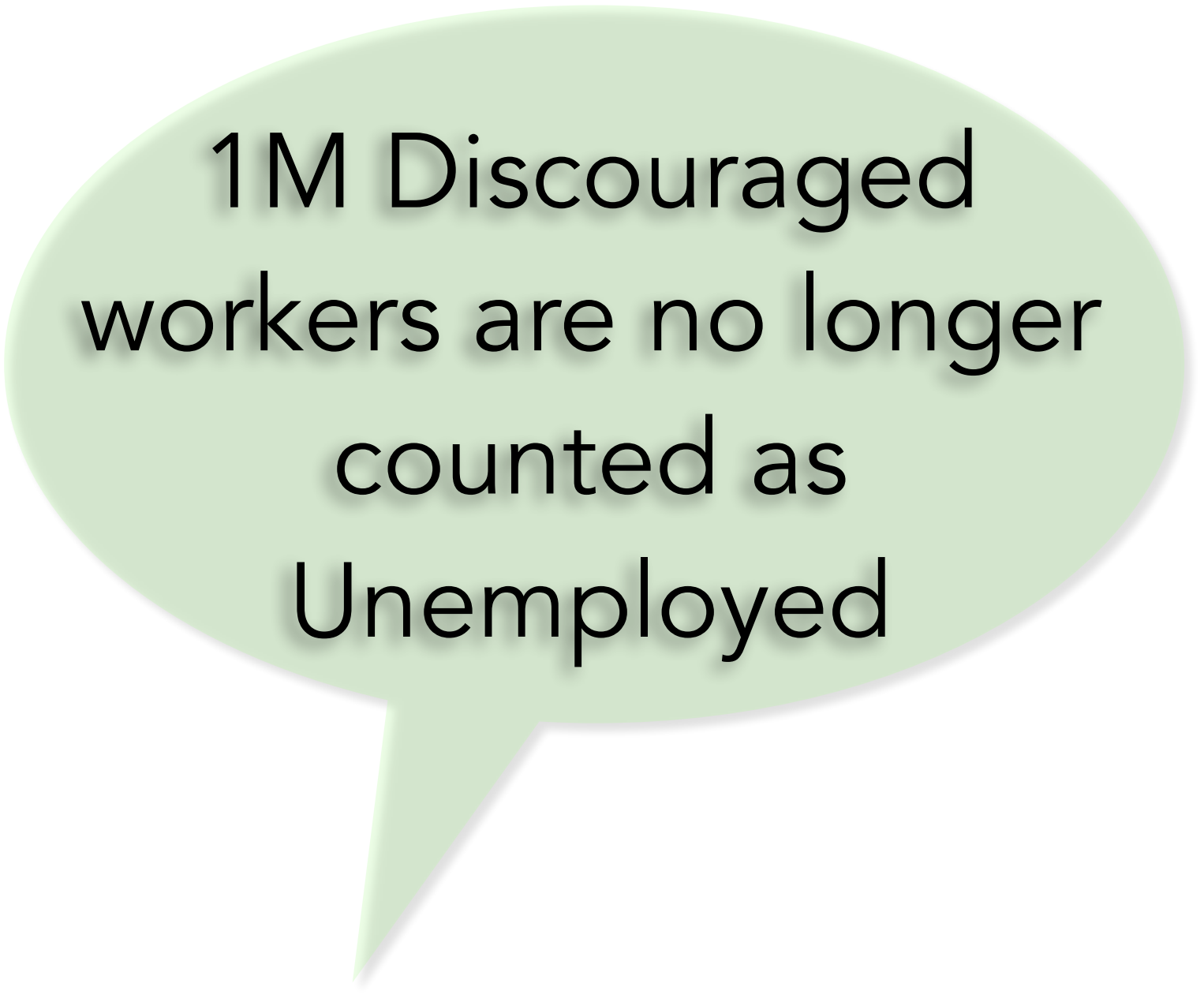
Unemployed

16M

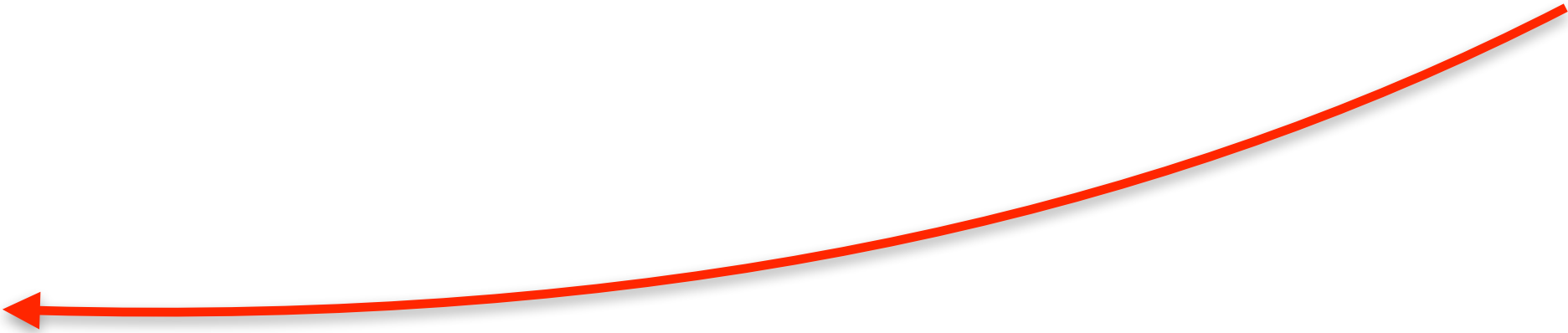


New Unemployed

15M



1M Discouraged
workers are no longer
counted as
Unemployed



W

h

e

n



M

p

e



р

[REDACTED]





S

e

a





h



p

e









n

d



n

9

a

j



b





h

e

u

n

e

m

p





Y

m

e

n





a



e

d

r



p

S



Urate =

$$\text{NewLF} = 138 + 15 = 153$$

NewU_r =

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

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

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

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



1M Discouraged
workers are no longer
counted as
Unemployed

When 1M people lose all hope of finding a job, the
unemployment rate drops!

Unemployment is not Measured Accurately

1. Discouraged Worker Effect