

1. Discouraged Worker Effect

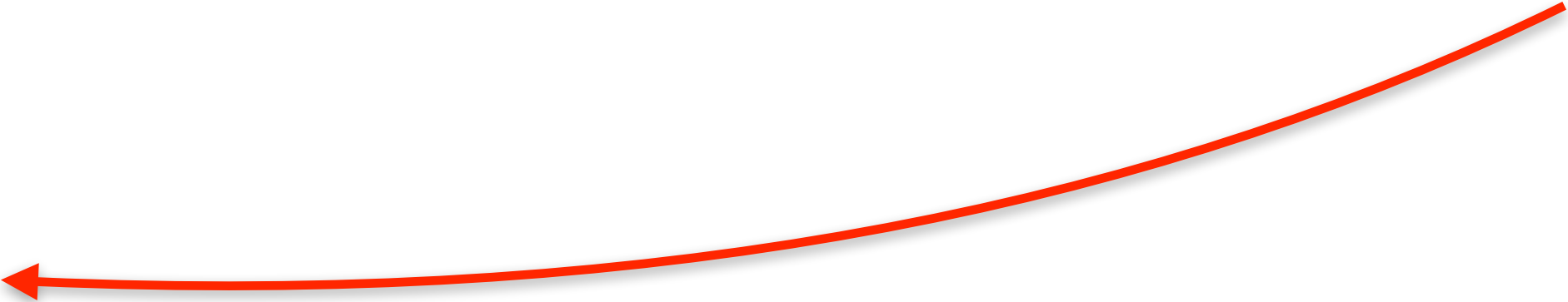
Urate =

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

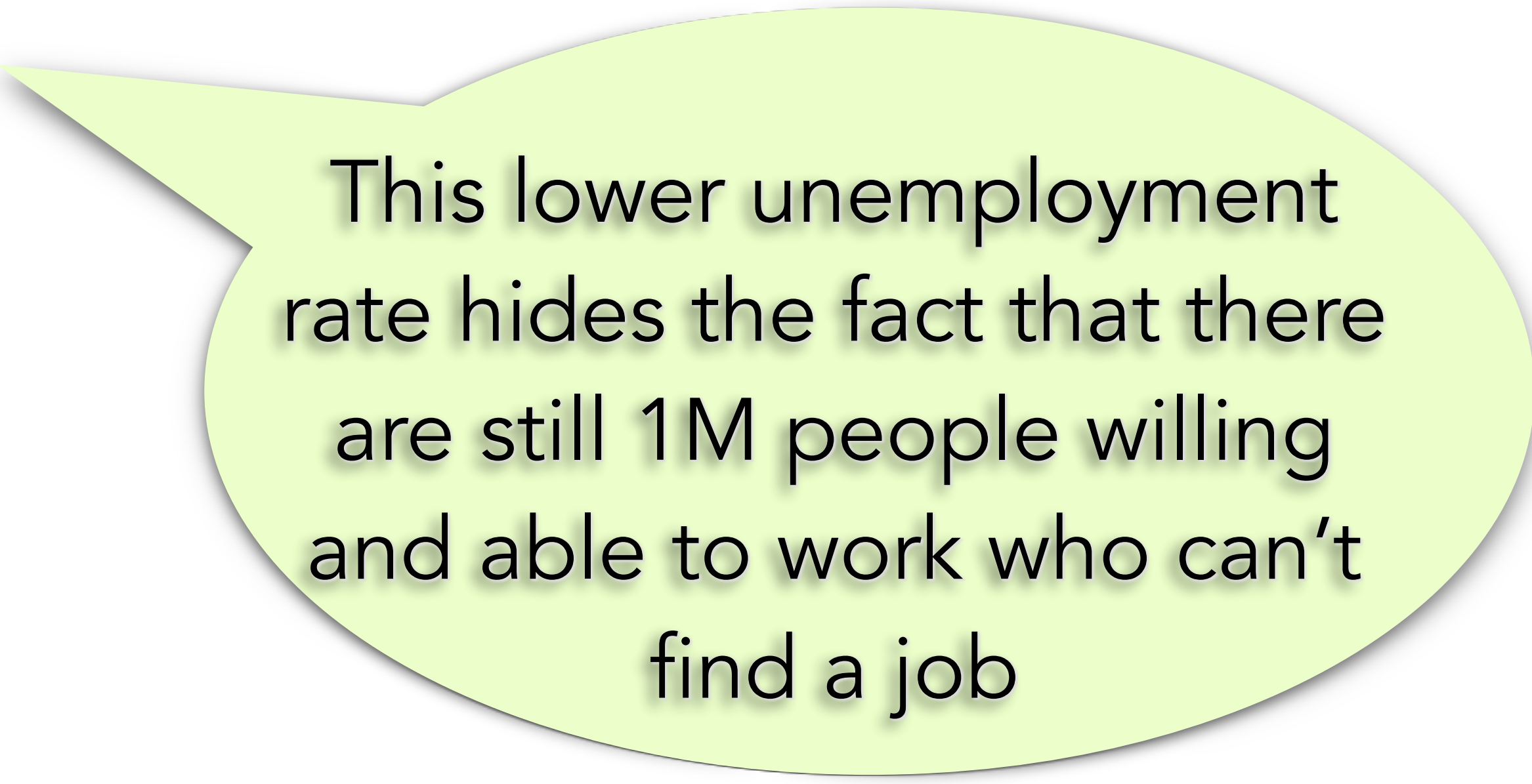
NewU_r =

$$(15/153)*1000 = 9.8\%$$

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



Unemployment is not Measured Accurately



This lower unemployment rate hides the fact that there are still 1M people willing and able to work who can't find a job

Unemployment is not Measured Accurately

1. Discouraged Worker Effect

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

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

This lower unemployment rate hides the fact that there are still 1M people willing and able to work who can't find a job

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

If we know it is a mistake why not include
Discouraged workers as Unemployed?