

Types of Unemployment Chart

Type of Unemployment	Description	Cause
<p style="text-align: center;">STRUCTURAL UNEMPLOYMENT</p>	<p>Unemployment that occurs when there is a mismatch of jobs and the skills, experience, education or location of potential employees.</p>	<ul style="list-style-type: none"> • Changes in Technology When the automobile started becoming popular, there was no longer a demand for buggy- whips. Buggy-whip manufacturers closed down, people lost their jobs, and no one was hiring anyone with their skills. • Changes in Tastes If accordions become unpopular, companies that build them will close down and their former workers will be unemployed, but no one will be hiring accordion builders, so they will have to learn more skills
<p style="text-align: center;">FRictionAL UNEMPLOYMENT</p>	<p>Unemployment that occurs with the normal workings of the economy, such as workers taking time to search for suitable jobs and firms taking time to search for qualified workers.</p> <p>This type if unemployment is voluntary and it merely reflects transitions between jobs.</p>	<p>Sources of frictional unemployment include:</p> <ul style="list-style-type: none"> • People entering the workforce from school • People re-entering the workforce after raising children • People changing employers because of quitting • People changing careers because of changing interests • People moving to a new city (for non- structural reasons) and being unemployed when they arrive

<p style="text-align: center;">CYCLICAL UNEMPLOYMENT</p>	<p>Unemployment that occurs during fluctuations in real GDP</p>	<p>Cyclical unemployment occurs when the unemployment rate moves in the opposite direction of the real GDP growth rate.</p> <ul style="list-style-type: none"> • Getting laid off because of a recession is the classic case of cyclical unemployment
<p style="text-align: center;">SEASONAL UNEMPLOYMENT</p>	<p>Periodic unemployment caused by seasonal variations in particular markets</p>	<p>This is actually a type of Structural Unemployment but here are some examples:</p> <ul style="list-style-type: none"> • Someone who plays a 'Santa Claus' will not be able to find such a job in July. • A drawbridge operator in the Upper Peninsula of Michigan is out of work in the winter because the water is frozen.
<p style="text-align: center;">NATURAL UNEMPLOYMENT OR FULL-EMPLOYMENT</p>	<p>The level of unemployment at which there is no cyclical unemployment</p>	<p>There will always exist a certain amount of Structural Unemployment and Frictional Unemployment</p>