

# Guided Reading Activity

## Economic Instability

### Lesson 3 *Unemployment*

#### Review Questions

**Directions:** Read each main idea and complete the statements below. Refer to your textbook as you write the answers.

#### A. Measuring Unemployment

**Main Idea:** The United States measures the percentage of the workforce that is unemployed to determine the unemployment rate.

1. The Bureau of Labor Statistics defines the \_\_\_\_\_ force, more commonly called the labor force, as the sum of all persons age \_\_\_\_\_ and above who are either \_\_\_\_\_ or actively seeking employment.
2. People are considered \_\_\_\_\_ if they have been \_\_\_\_\_ for work and actively looking for a job in the past month, but have worked less than an hour a week for profit.
3. The \_\_\_\_\_ rate is found by dividing the number of \_\_\_\_\_ people by the total number of people in the \_\_\_\_\_ force.
4. Unemployment hits certain ages, \_\_\_\_\_, and sexes differently. For example, \_\_\_\_\_ have an unemployment rate twice as high as Caucasians.
5. The unemployment rate is higher than its official percentage because it does not measure people who have given up looking for \_\_\_\_\_ or people in \_\_\_\_\_ jobs who want full-time work.

#### B. Sources of Unemployment

**Main Idea:** There are several different types of unemployment that each have their own causes and their own challenges to resolve.

1. \_\_\_\_\_ unemployment occurs when workers are in-between jobs. It is usually the shortest-term type of unemployment.

# Guided Reading Activity *cont.*

## Economic Instability

- \_\_\_\_\_ unemployment is harder to fix since it occurs when the market reduces the demand for certain types of workers.
- When workers are replaced by machines or other automated systems, \_\_\_\_\_ unemployment occurs.
- \_\_\_\_\_ unemployment is directly related to swings in the business cycle, such as recessions.
- \_\_\_\_\_ unemployment occurs in jobs that are related to the weather, such as snow plow drivers and lifeguards. This type of unemployment tends to happen every \_\_\_\_\_ at about the same time.

### C. Costs of Instability

**Main Idea:** When the economy is unstable, it has far-reaching economic and social effects.

- There are two measures of economic instability. One is the \_\_\_\_\_ gap, which measures the gap between the actual GDP and the \_\_\_\_\_ GDP the country would have if everyone was employed.
- The \_\_\_\_\_ index, sometimes called the discomfort index, is found by adding the \_\_\_\_\_ and unemployment rates together.
- When the economy is unstable, a great deal of \_\_\_\_\_ exists, consumers and business owners are cautious and may not make \_\_\_\_\_ or invest. These decisions contribute to instability in the economy.
- Often politicians are hurt by \_\_\_\_\_ instability. Voters may blame government officials and \_\_\_\_\_ them out of office.
- Recession, inflation, and \_\_\_\_\_ can lead to higher rates of crime and poverty, as well as domestic problems such as marital instability and \_\_\_\_\_.

# Guided Reading Activity *cont.*

## Economic Instability

### Summary and Reflection

**Directions:** Summarize the main ideas of this lesson by answering the question below.

What are the sources of unemployment, and what are the costs of instability?

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