

# Different types of unemployment essay sample

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There are several different types of unemployment that we encountered through out these few chapters. They are as follows; structural unemployment, frictional unemployment, and cyclical unemployment. But yet each one is different in its own unique way.

Cyclical unemployment is a factor of overall unemployment that relates to the cyclical trends in growth and production that occur within the business cycle. When business cycles are at their peak, cyclical unemployment will be low because total economic output is being maximized and there more job openings. When the economic output falls, as measured by the gross domestic product (GDP), the business cycle is low and cyclical unemployment will rise.

Economists describe cyclical unemployment as the result of businesses not having enough demand for labor to employ all those who are looking for work. The lack of employer demand comes from a lack of spending and consumption in the overall economy.

Cyclical unemployment is one of five classes of unemployment as recognized by economists. Other types include structural, frictional, classical and Marxian. In most cases, several types of unemployment exist at the same time. With the exception of cyclical unemployment, the other classes can be occurring even at the peak ranges of business cycles, when the economy is said to be at or near " full employment".

Structural unemployment is a result from changes in the basic composition of the economy. These changes simultaneously open new positions for trained workers.

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An example of structural unemployment is the technological revolution. Computers may have eliminated jobs, but they also opened up new positions for those who have the skills to operate the computers.

Frictional unemployment is unemployment that is always present in the economy, resulting from temporary transitions made by workers and employers or from workers and employers having inconsistent or incomplete information. For example, a first-time job seeker may lack the resources or efficiency for finding the company that has the job that is available and suitable for him or her. As a result this person does not take other work, temporarily holding out for the better-paying job.

Another example of when frictional employment occurs is when a company abstains from hiring because it believes there are not enough qualified individuals available for the job, when in actuality there are more than enough.

There are several things in common in these different types of unemployment. The one extraordinary problem I found on this topic is the fact that when there is any type of unemployment, automatically there is a rise in crime, terrible cash flow, and what not. But the only way the business cycle works is through ups and downs and unemployment is just one of those downs.