

# [The unemployment rate in the uk](https://assignbuster.com/the-unemployment-rate-in-the-uk/)

In economics term, unemployment is the state of an individual who is able, available looking for a paying job but not employed. Individuals who are unemployed are mostly economically active and passionately looking for jobs. Unemployment does not include full-time students, the retired, children, or those not actively looking for a paying job. The main causes of unemployment are divided into four categories, such as cyclical deficient unemployment, frictional unemployment, seasonal unemployment, and structural unemployment.

Cyclical deficient unemployment is the state of an individual who is looking for a paying job actively but failed due to the reason of insufficient demand in the economy at current wages rate and the cyclical deficient unemployment happens mostly when there’s a recession in economy. In addition, structural unemployment is the state of an individual who is looking for a paying job eagerly but also failed due to the reason of different pattern of demand and supply. This happens when there are technologies improvising and therefore reducing the needs on man power. Then, frictional unemployment is the state of an individual who is freshly graduated from high school or university and looking for jobs actively. Moreover, seasonal unemployment is when workers like farmers or fishermen who usually are in the agriculture field would have this problem. This is because the harvest isn’t all year long. For farmers, they couldn’t have plant or harvest during winter; for fishermen, they couldn’t have gone out to the sea during monsoon seasons. By then, they are temporarily unemployed. Both cyclical deficient unemployment and structural unemployment are long term unemployment problem. Whereby, frictional unemployment and seasonal unemployment are short term unemployment problem.

Throughout the world, unemployment still exists and it could be defined as an inevitable situation in every country’s economy. For United Kingdom, the main causes would be the attitude of individuals towards the job. As UK is implementing a free market economy in the country, and so, the government seldom intervene the prices or how it works in the economy as long as every move that it takes is under the law of United Kingdom where free market implies a system where they buyers and sellers are solely responsible for the choices they make. In short, allocation and distribution of goods and services are then determined by the price mechanism. (A price mechanism or market-based mechanism refers to a wide variety of ways to match up buyers and sellers through price rationing) Therefore, the current wages in the market could have varied in a day or two. And so, individuals might tend to wait for the current wages to be higher so that they could earn more, and then cause the problem of unemployment in the society. Besides that, some individuals might be lazy to work as there are a policy for unemployed individuals which provides monthly benefits if they are unemployed not due to owns fault such as involuntary redundancy. They wouldn’t want to look for a job as they would be able to continue their living throughout.

Besides that, cyclical unemployment is one of the causes of unemployment. Cyclical unemployment is due to a lack of demand for goods and services. During a recession in the economy or slowdown in economic growth, consumers tend to decrease in demand and try to save up their money to meet emergency needs. So, we often see business failures and redundancies during recession. These can be explained by means of when Demand for most goods and services falls, less production is needed and consequently fewer workers are needed, wages do not fall to meet the equilibrium level, and mass unemployment results.

Fall in structural unemployment in one of the causes of unemployment in UK.. This can be explained as even though the number of vacancies may be equal to the number of the unemployed, the unemployed individuals might not own the skills for the job, or may not accept the job due to some other reasons such as they don’t live in the part of the country or world where the jobs are offered. For example, an airline employment office is recruiting flying attendants, and for a job like flying attendant, many qualifications are required. Therefore, although there are thousands of jobs available, not thousands of unemployed could apply for the job.

On the other hand, frictional unemployment is transitional unemployment due to people moving between jobs. For example, redundant workers or individuals participating in the labour market for the first time such as fresh university graduates. It may be time consuming for them to search or find the work they want or qualified at an acceptable wages or salaries. Lack of information of the market would cause frictional unemployment to be worsened if the unemployed aren’t aware of the jobs available in the market. Despite this, some consider this type of unemployment one type of frictional unemployment in which factors causing the friction are partially caused by some cyclical variables. For example, a surprise decrease in the money supply may shock participants in society.

Unemployed individuals are unable to earn money to meet financial obligations. Failure to pay mortgage payments or to pay rent may lead tohomelessness through foreclosure or eviction. Unemployment increases susceptibility to malnutrition, illness, mental stress, and loss of self-esteem, leading to depression.

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