2 Unemployment, inflation, and the business cycle – Part 2 —Answers

Answers

Work through these after you have tried the questions yourself.

2.1 the employed plus the unemployed (people without work who are actively looking).

2.2 $\dfrac{8}{100} \times 100\% = 8\%$.

2.3 $\dfrac{159 - 150}{150} \times 100\% = \dfrac{9}{150} \times 100\% = 6\%$.

2.4 expansion, peak, contraction (recession), trough.

2.5 people who give up looking for work are not counted as unemployed (they leave the labor force), so the rate misses them.