V. UNEMPLOYMENT

1. Labor force. The civilian non-institutionalized population above sixteen years of age who either have a job or are actively looking for a job.

2. Labor force participation rate. The percentage of the civilian non-institutionalized population above 16 who are in the labor force.

3. Unemployed. Those members of the labor force who are actively (within the past month) looking for work but have not found it.

4. Unemployment rate. The percentage of the labor force who are unemployed.

5. Seasonal unemployment. Unemployment due to seasonal factors. Construction workers are likely to be seasonally unemployed in winter.

6. Frictional unemployment or search unemployment. Unemployment due to the time it takes to find another job.

7. Structural unemployment. Unemployment due to changes in the structure of a particular industry or to changes in demand or in production technology. Blacksmiths became structurally unemployed with the introduction of the auto; auto workers displaced by robots are also structurally unemployed.

8. Cyclical unemployment. Unemployment due to a downturn in the business cycle affecting all or most industries. This is the only type of unemployment which is strictly macroeconomic.

9. Natural rate of unemployment. The rate of unemployment due to causes other than cyclical unemployment; the sum of seasonal, frictional and structural unemployment.

10. Non-accelerating inflation rate of unemployment or NAIRU. A synonym for natural rate of unemployment used by those who believe that unemployment below that rate will lead to accelerating inflation.

11. Efficiency wages. The level of wages which will maximize output per dollar spent on wages. Wages are regarded as an input into production, which will increase employee effort (as a result of gratitude or of fear of losing a well-paying job).

The level of efficiency wages may well be higher than the market clearing level of wages, so efficiency wages may lead to unemployment.

12. Household survey. The monthly telephone survey of 60,000 households by the Bureau of Labor Statistics which is the basis of the estimate of the unemployment rate.

13. Establishment survey. The survey of all large economic establishments (factories or firms, including service industries), which gives the total employment in those establishments. Note that it is possible for employment (as measured by the establishment survey) to increase while the unemployment rate (measured by the household survey) is increasing.