

UNEMPLOYMENT

This is where labour is willing and able to work at the ongoing wage rate but unable to find a job.

Or; this is where people are out of work both voluntarily (willingly) and involuntarily (unwillingly) in the country.

Or; this is the failure of labour to find market for its services at the ruling wage rate in the economy.

Therefore, the rate of unemployment = $\frac{\text{Number of unemployment people}}{\text{Total labour force}} \times 100$

CAUSES OF UNEMPLOYMENT IN DEVELOPING COUNTRIES

1. Defective education system. This is where the theoretical knowledge is given to learners in colleges and universities suited for basically office work than creating their own jobs yet office jobs are very limited which keep many educated people unemployed.

2. Rural urban migration. This is where many people move away from villages to towns in search for jobs which are very limited in towns which leads to open urban unemployment. ie they lack skills, competence or connections to those jobs.

3. Influence of technological advancement. This is through use of modern methods of production like capital intensive techniques which many local people cannot apply hence unemployment.

4. Rapid population growth. This is due to the faster increase in the number of people compared to the rate at which new jobs are created which renders the excess labour unemployed.

5. Structural adjustment programmes. This due to the conditions put by International Monetary Fund & World Bank in which certain government officials are forced to vacate their jobs as a pre-condition to get aid leading to unemployment.

6. The political instability. This discourages people from tending to their jobs as they fear to lose their lives while at work hence causing unemployment.

Or; this destroys the economic activities which makes it difficult for people to get jobs leading to unemployment.

7. Seasonal factors. This is due to changes in seasons or climate in which people get jobs in certain periods and become unemployed in other periods especially in agriculture hence unemployment.

8. Ignorance of people about the existing jobs. This is where people fail to get jobs because they do not know where jobs that match their skills and abilities exist which accounts for unemployment.

Or; it is due to lack of information linking the unemployed people to where jobs exist and this leads to unemployment.

9. Discrimination in the labour market. This is where people fail to get jobs due to lack of links with employers, or lack family connections or lack political, religious, tribal or cultural ties to those with job offers hence unemployment.

10. Poor manpower planning. This is where many people are trained for certain jobs than what the existing job opportunities such can absorb hence leaving excess labour unemployed.

11. Social-cultural factors. This is where people decline certain jobs for fear to lose their family attachments like fear to lose wives hence unemployment.

Or; this is where employers neglect certain categories of people like women, the blind, etc. for not being employable hence rendering them unemployed.

12. Changing jobs due to frictional factors. This is where some people keep on changing from one job to another as during that time they are not working hence unemployed.

13. Poor land tenure system. This is where few people own large chunks of land while majority are either tenants or landless which results into under employment or unemployment.

14. Mental and physical disability. This is where some people are denied jobs based on their disabilities like limbless, lunatic, blind as are assumed to be unemployable.

15. Shortage of cooperant factors of production like capital, land, etc. This limits production and investment and consequently, fewer jobs are created hence unemployment.

Question

a) Explain the causes of unemployment in an economy.

b) Account for the high unemployment problem in your country.

MEASURES THAT SHOULD BE TAKEN TO REDUCE UNEMPLOYMENT

1. Improve on infrastructure. This eases transportation of goods and raw materials which reduces the cost of production and attracts economic activities hence creation of more jobs for the unemployed.

2. Attract more investment. This is through provision of incentives to investors which reduces the cost of production and attracts more industries hence more jobs created for the unemployed.

3. Diversify the economy. This encourages people to participate in many economic activities which absorb the unemployed into business activities which reduces unemployment.

4. Carry out education reforms. This equips people with practical skills through vocationalisation of education which enables the unemployed people to engage in economic activities hence unemployment solved.

- 5. Liberalize the economy.** This promotes trade in different activities without restrictions which absorbs many unemployed people into productive activities hence solving unemployment.
- 6. Privatize the economy.** This disposes off poor performing public enterprises to financially stable investors which increases efficiency and opens up more job placements for the unemployed.
- 7. Control population.** This limits the rate of reproduction through use of family planning methods which limits growth of the population and makes jobs available for the existing people.
- 8. Modernize agriculture.** This promotes the use of better methods of farming for increased output and profits which attract the unemployed into farm-based activities hence unemployment solved.
- 9. Provide credit.** This helps the unemployed people to access soft loans as start up capital for income generating activities which reduces the unemployment problem.
- 10. Advertise the existing jobs.** This informs the unemployed people on the availability of jobs and attracts applications for possible job placements which reduces unemployment.
- 11. Carry out land reforms.** This makes land more accessible to the unemployed people and attract them in productive agriculture hence reducing unemployment.
- 12. Widen the market.** This attracts production of more output due to increased demand which force industries to employ more people hence reducing unemployment.
- 13. Improve the political climate.** This ensures peace and security of life and property of investors which attracts different economic activities hence more jobs created.

14. Promote small scale industries. This creates linkages in the economy and involve many economic activities leading to more jobs created.

15. Supporting the diasadvantaged people. This is where government and the private sector finances income generating activities for the disabled and involve them in production. ie. Shoe making, tailorng, craft making, etc.

16. Export surplus labour. This is where the local unemployed people are encouraged to seek employment abroad through employment agencies.

MEASURES BEING UNDERTAKEN TO REDUCE UNEMPLOYMENT IN UGANDA

1. Improving on infrastructure. This is reducing the cost of production due to better roads which is attracting economic activities and more jobs for the unemployed.

2. Attracting more investment. This is through provision of incentives to investors which is reducing the cost of production so as to attract more industries and jobs in the country.

3. Diversifying the economy. This is helping to encourage people to participate in many economic activities which are generating more job opportunities to people hence averting the unemployment problem.

4. Carrying out education reforms. This is helping to equip people with practical skills the case with Vocationalisation of education so as to enable them create their own jobs.

5. Liberalizing the economy. This is helping to attract investors in different forms of industries without restrictions so as to create more jobs in the country.

6. Privatizing the economy. This is helping to dispose off poor performing public enterprises to financially stable investors so as to re-organize these industries and create more jobs for people.

7. Controlling population. This is helping to limit the rate at which people are reproduced through use of family planning methods which is making jobs available for the existing people.

8. Modernizing agriculture. Government is encouraging people to use better methods of farming so as to attract more people in farm-based activities.

9. Providing credit. This is helping people to get soft loans which are enabling them to engage in many economic activities hence solving the unemployment problem.

10. Advertising the existing jobs. This is helping to inform the general public on the available jobs in the country and letting people who match the required skills apply for them hence reducing frictional unemployment.

11. Carrying out land reforms. This is making land more available to the unemployed people which is increasing their participation in farm-based activities hence solving unemployment.

12. Widening the market. This is increasing demand for the local goods hence attracting economic activities and creating more jobs.

13. Improving the political climate.

14. Promoting small scale industries.

15. Supporting the disadvantaged people.

16. Exporting surplus labour.

Question

Explain the measures being undertaken to reduce unemployment in your country.

MEASURES THAT HAVE BEEN TAKEN TO REDUCE UNEMPLOYMENT IN UGANDA

1. Improved on infrastructure. This has eased transportation of goods and raw materials which has reduced the cost of production and attracted economic activities for more jobs.

2. Attracted more investment. This is through provision of attractive incentives to investors which has reduced the cost of production and attracted more industries and jobs in the country.

3. Diversified the economy. This has encouraged people to participate in many economic activities which has generated more job opportunities to people and averted the unemployment problem.

4. Carried out education reforms. This has equipped people with practical skills through vocationalisation of education which has enabled them create their own jobs.

5. Liberalized the economy. This has attracted investors in different forms of industries without restrictions and this has created more jobs in the country.

6. Privatized the economy. This has disposed off poor performing public enterprises to financially stable investors which has helped to re-organize these industries and created more jobs for people.

7. Controlled population. This has limited people reproduction through use of family planning methods which has made jobs available for the existing people.

8. Modernized agriculture. This has encouraged the use of better methods of farming which has attracted more people in farm-based activities and solved unemployment.

9. Provided credit. This has eased access to soft loans as start up capital by the unemployed which has attracted economic activities hence unemployment solved.

10. Advertised the existing jobs. This has helped to inform the general public on the available jobs and let people who match the required skills apply for them which has reduced frictional unemployment.

11. Carried out land reforms. This has eased access to land by the unemployed people and attracted farm-based activities which has reduced unemployment.

12. Widened the market. This has increased demand for goods and attracted economic activities which has created more jobs.

13. Improved the political climate.

14. Supporting the disadvantaged people.

15. Promoted small scale industries.

16. Exported surplus labour.

Question

Explain the measures that have been taken to reduce unemployment in your country.

EFFECTS OF UNEMPLOYMENT IN DEVELOPING COUNTRIES

1. Decline in the level of acquired skills. This makes the unemployed individual lose all the knowledge and skills acquired while at school and become less productive which retards economic development.

2. Increases dependence burdens. This forces the unemployed people seek refuge in homes of the employed for survival as they look for jobs which cripples the financial status of the few employed people leading to poor living conditions.

3. Worsens income & wealth inequality. This is where the productively employed people earn more incomes and become wealthier compared to the unemployed ones with low incomes which breeds jealousy and disunity in the community.

4. Results into low production. This is as a result of the loss of national output that would have been produced by the all the people without jobs which limits development of a country.

5. Leads to low demand. This is where the unemployed people with low incomes make little purchases of output which limits demand and discourages production of goods in the country.

6. Leads to low government revenue. This is where the unemployed people with low incomes contribute little tax revenues which limits development expenditures in the country.

7. Leads to brain drain. This is where unemployment forces the highly skilled unemployed people seek for greener pastures / jobs abroad which cripples the local skills base hence limiting development.

8. Leads to social evils. This is where unemployment forces some people into illegal activities like theft and highway robbery for survival which leads to deaths, loss of property, etc. detrimental to development.

9. Results into high levels of government expenditure. This is where unemployment prompts government into huge expenditures of public funds on services for the poor who lack jobs which affects some projects.

10. Leads to rural urban migration and its evils. This is where the rural unemployed poor are forced to go to towns to search for jobs which are very scarce leading to urban crimes like theft and murder undermining development.

11. Discourages investment in education. This is due to the fact that unemployment makes investors fearful of investing in the less attractive education sector.

12. Creates political tension. This is where the unemployed people blame government for the terrible conditions like poverty and would prefer change of regime which attracts unrests leading to loss of property and deaths.

13. Leads to misery and poor standard of living. This is where jobless individuals find it difficult to buy/access basic necessities of life hence poor living conditions.

14. Leads to family instabilities. This is where the unemployed people fail to provide basic needs to their families hence loss of happiness due to quarrels, separation, divorce and children going to the streets.

ADVANTAGES OF UNEMPLOYMENT

1. It awakens government to its responsibilities of designing appropriate redistributive development policies that increases employment and income.
2. It leads to low wage costs due increased supply of cheap labour in an economy.
3. Unemployment creates a large pool of labour which eases recruitment and selection of better employees.
4. Increase in demand for inferior goods which increases incomes of traders in such activities.
5. It avails labour in risky jobs like mining, fishing, etc. which increases exploitation of resources.
6. It reduces labour strikes for higher wages as unemployment creates fear among workers of being replaced in case of strikes.

Question

- a) Explain the effects of unemployment on an economy.
 - b) Explain the effects of unemployment in Uganda.
 - c) Why is unemployment problem of a great concern to your country?
 - d) Why is it necessary to control nemployment in Uganda?**
- 1. To increase the level of acquired skills by ensuring stable jobs to the educated people in the country.**
 - 2. To reduce dependence burdens by ensuring that most people get jobs and can meet their living costs.**
 - 3. To reduce income & wealth inequalities by inceasing economic activities and incomes among the poor.**
 - 4. To increase production to increase output and jobs.**

5. To increase demand.
6. To increase government revenue through taxing different activities and employed people.
7. To reduce brain drain through increased job availability in the country.
8. To reduce social evils like loss of family happiness due to quarrels, separation caused by lack of Jobs.
9. To reduce government expenditure on provision of services to the unemployed poor.
10. To discourage rural urban migration and it's associated evils like rape, theft, etc caused by the poor rural unemployed youth who see refugee in towns.
11. To attract investment in education as college and University products are productively taken up in the wage sector.
12. To limit political tension caused by the redundant and miserable rural youths.

Define 'Costs of unemployment'

These are adverse effects that unemployment has on the unemployed, their families, society and the entire country.

KEYNESIAN THEORY OF UNEMPLOYMENT

This states that "unemployment arises from deficiency in effective demand for goods and services especially in times of economic recession or depression"

Due to low demand for final goods and services, firms reduce output, income levels fall, investment is discouraged and hence fewer units of capital and labour are employed.

Illustration

The fall in demand for output from AD1 to AD2 leads to a fall in demand for capital and labour hence unemployment indicated by $Y_0 - Y_1$. Keynes suggested that the major remedy for Keynesian unemployment is by increasing aggregate demand through;

1. Reducing direct taxes in the economy
2. Increasing government expenditure.
3. Promoting private investment through providing incentives like tax holidays.
4. Providing subsidies to producers and consumers.
5. Increasing money supply.
6. Increasing wages in the economy to raise demand, production and employment.

ASSUMPTIONS OF THE KEYNESIAN THEORY OF UNEMPLOYMENT

1. Lord Keynes assumes a highly industrialised economy.
2. It assumes conditions of full employment of the economy.
3. It assumes a highly monetised economy.
4. It assumes a big and strong private sector.
5. It assumes a closed economy.
6. It assumes a well functioning and developed factor and money market.
7. It assumes existence of the deficiency in aggregate demand for goods and services during economic recession.

APPLICABILITY OF THE KEYNESIAN THEORY OF UNEMPLOYMENT IN DEVELOPING COUNTRIES

1. At times unemployment in developing countries is due to a fall in demand for goods and services. This is due to people's failure to buy goods and services in the country which force producers to lay off workers.
2. There is an element of industrialization in developing countries. Developing countries are associated with infant but growing industries which make the theory applicable in the long run since a fall in demand for industrial products causes a fall in demand for labour.
3. Investment levels affect employment as alluded to by Keynes. Expanding investment in developing countries through provision of investment incentives like low taxes, tax holidays, and tax rebates attracts investment and the creation of jobs.
4. Use of expansionary money supply to increase demand increases the amount of money in circulation hence boosting demand and production leading to more employment opportunities.
5. Measures to stabilize export earnings through International Monetary Fund compensatory arrangements fill the saving investment gap hence boosting employment in the export sector.
6. In the long run, as the supply of cooerant factors of production increase the theory becomes applicable. For example, increase in the size of raw materials, capital, and technology complements labour and boost employment.

LIMITATIONS OF THE KEYNESIAN THEORY OF UNEMPLOYMENT TO DEVELOPING COUNTRIES

1. It is mainly concerned with demand deficiency yet; unemployment in developing countries is basically from the supply rigidities due to shortage of skills, limited markets and limited raw materials.
2. The theory is applicable under conditions of full employment which conditions are not found in developing countries.

3. Developing countries are agro-based yet; Keynes referred to strong industrialized economies. Many people in developing countries produce for own consumption and not for the market as Keynes alluded to.
4. The theory ignores the causes and solutions of other types of unemployment. It does not explain the causes and solutions for urban unemployment, rural unemployment, frictional unemployment, etc. which affect many people in developing countries.
5. Industries in developing countries are urban based yet; Keynes was assuming of even distribution of industries which is not the case.
6. Keynes based the theory on the closed economy yet; most economies of developing countries in modern times are open.
7. Keynes ignored the high Marginal Propensity to Import (MPI) in developing countries yet, increases in government expenditure increases employment abroad.
8. As a solution to unemployment, Keynes prescribes policies which increase aggregate demand but these policies are inflationary especially increasing the amount of money in circulation.
9. Keynes emphasizes investment multiplier as a contributor to employment creation yet; in most developing countries it is the export multiplier which increases the level of employment.
10. The product, factor and money markets in developing countries are not as functional as in developed countries. Most people in developing countries do not use money markets like treasury bills and bonds making the theory less applicable.

Question

- a) Explain the Keynesian theory of unemployment.
- b) Explain the limitations of the Keynesian theory of unemployment.

c) To what extent is the Keynesian theory of unemployment relevant to developing countries?

d) To what extent is the Keynesian theory of unemployment relevant to your country?

REMEDIES/SOLUTIONS TO UNEMPLOYMENT ACCORDING TO KEYNES

1. Reducing direct taxes in the economy. This increases the disposable income of the consumer and demand for goods and services which attracts more investment and demand for factors of production like labour.

2. Subsidization of the consumer. This in form of education and health, helps the consumer to re-channel income previously spent on such services to consumption of goods and services which attracts employment of labour to produce more output.

3. Using expansionary monetary policy. This is by lowering the interest on loans to promote borrowing which attracts investment, production and employment of labour.

4. Increasing government expenditure. This increases people's disposable income which increases aggregate demand for goods and services hence attracting more investment and employment of factors of production like labour.

5. Increasing wages in the economy. This increases the purchasing power for output which attracts economic activities hence more people employed.

6. Encouraging private investment through provision of tax incentives. This is through provision of tax holidays to potential investors which increases investment, incomes, aggregate demand and further investment and employment of labour.

FULL EMPLOYMENT

This is where all people or factors of production willing to work can get jobs.

Or; this is where the rate of unemployment in an economy is 3% or less.

Or; this is where the number of unfilled vacancies is equal to the number of job seekers.

Or; this is where there are more jobs than the job seekers in the economy.

Note: It should be noted that full employment is not Zero unemployment because in the real world it's not possible to employ all the labour force at a given time.

Question

What is meant by the term Full employment?

DIFFICULTIES TO ATTAIN FULL EMPLOYMENT

1. Use of inappropriate technology. This is where modern technology like use of capital intensive techniques yet many people are either semi-skilled or unskilled unable to use such techniques which keeps many of them out of work from time to time.

2. Rural urban migration. This arises from continuous migration of people from villages to towns searching for jobs yet such jobs are very scarce hence limiting full employment.

3. High population growth rate. This is where the number of people increases at a higher rate than the rate at which new jobs are created which limits full employment.

4. Heavy dependence on nature. This is due to climatic factors like prolonged drought, pest and diseases which limits earnings from the agricultural sector causing redundancy in the sector and limits full employment.

5. Shortage of coorperant factors of production. This is where shortage of land, capital, technology, and skills that complements labour affects production from time to time and limits full employment.

6. Factor immobility. This is due to the difficulty to move from one place or occupation to another like insecurity, poor transport, etc. which limit free access to jobs hence limiting full employment.

7. Poor manpower planning. This is where many people leave colleges and universities with skills which do not match with those needed in the labour market which keeps certain labour without jobs hence limiting full employment.

8. Inappropriate education system. This is where theoretical knowledge is given to learners which limits their ability to create jobs which undermines full employment.

9. Limited markets. This is where limited demand for output keeps investment and production low making it hard to attain full employment.

10. The political instability. This is due to continuous wars and unrests which keep people away from work hence limiting attainment of full employment.

Or; this is due to wars and unrests that destroy economic activities and make it hard for all people to have jobs all the time which limits full employment.

11. The socio-cultural barriers. This is where some people refuse to work for fear to lose their family attachments and voluntarily stay without jobs which limits full employment.

Or; this is where people refuse to get jobs away from their homes for fear to lose their dear wives and this limits full employment.

12. Discrimination of labour based on race, tribe, sex, religion, age, political factors, etc. This makes it hard for all people to have jobs hence limiting full employment.

13. Influence of trade union restrictions. This prevents entry of new employees to maintain high wages for already employed ones which limits full employment.

14. Large subsistence sector. This does not absorb a lot of labour since production is not for the market which limits full employment.

Question

- a) Why is it difficult to attain full employment in an economy?
- b) Why is it difficult to attain full employment in your country?
- c) Explain the circumstances under which rapid industrialization may not solve the unemployment problem in an economy.
- d) Why may rapid industrialization not solve unemployment in Uganda?
 1. When the established industries are mainly capital intensive.
 2. In case industries prefer use of expatriates.
 3. If industries require to use only highly skilled personnel not readily available.
 4. When industries are mainly urban based.
 5. If industries are owned by government and jobs given only on political grounds.
 6. When the population grows faster than the rate of industrialization.
 7. In case are processing industries which require use of few workers.
 8. If many people are either physically disabled or mentally incapacitated.
 9. When there is high rate of labour discrimination and sectarianism.
 10. In case industries are not advertised.
 11. In case of voluntary unemployment.
 12. If industrialization is followed by political unrests.
 13. When there is a high degree of laziness and negative attitudes towards work.
 14. If the old age group is large.
 15. If people have a wealth background and thus no need to work.

TYPED OF UNEMPLOYMENT

VOLUNTARY UNEMPLOYMENT

This is where jobs are available but labour force is not willing to take on the job at the ongoing wage rate.

CAUSES OF VOLUNTARY UNEMPLOYMENT

- 1. Too low wages for the job.** This is where some people are not ready to lose their efforts for low benefits causing voluntary unemployment.
- 2. Poor working conditions.** This is where people refuse to work due to long working hours, poor housing and harassment at work, etc.
- 3. Desire to live on ones accumulated wealth.** This is where some people prefer to remain unemployed and survive on the riches and wealth of their parents and relatives.
- 4. Laziness or negative attitudes towards work.** This is where the naturally lazy and weak people do not want to burden themselves with work stress hence failing to take up jobs.
- 5. High desire for leisure.** This is where some people prefer to have a lot of time on leisure and refuse to take up jobs that would take up a lot of their time.
- 6. High risks and occupation hazards.** This is where some people refuse to work due to the risks associated with the job like mining, fishing or guarding hazards.
- 7. Hope for a better job in the future.** This is where people refuse to take on a low status job expecting a better paying job soon.
- 8. Presence of target workers.** This is due to people who refuse to work after getting what they wanted from the earlier jobs. ie money for a school canteen.
- 9. Over qualification for available job.** This is due to people who refuse to work because of the job being below their level of qualification.
Or; this is where some people feel a shamed seen doing a job less of their social academic status.
- 10. Poor geographical location of the job.** This is due to people who fail to work because of the remote location of the job like poor roads, no electricity, distant markets, etc.

11. Good economic background. This is due to people who refuse to work because they come from families that have extensive wealth like family of kings, presidents, etc.

12. Low status esteem attached to available job. Some individuals despise some jobs that they are below the status they hold in society causing voluntary unemployment.

Mention any two measures for reducing voluntary unemployment

1. High taxes should be imposed on the voluntarily unemployed people to force them work.
2. Increase wages paid to labour so as to attract the voluntarily unemployed persons.
3. Improve the working conditions through better housing, meals, transport, etc.
4. Labour should forcefully be recruited into active employment.

SEASONAL UNEMPLOYMENT

This is one caused by climatic or seasonal changes in the economy.

Or; this is where labour becomes unemployed due to expiry of the favorable climatic condition that supported existence of the job.

Areas affected by seasonal unemployment include;

1. Farmers during the dry season especially in those regions that have severe dry spells.
2. People engaged in outdoor activities like construction during bad weather.
3. Dock workers when there are no ships due to bad weather conditions.
4. Vendors selling examination cards during examination periods or Christmas cards during the Christmas period are unemployed outside those periods.

Question

- a) Mention any *two* causes of seasonal unemployment.

1. Poor weather conditions.
 2. Periodic changes in nature.
 3. Seasonal factors the case for grass hoppers.
 4. Political instability.
 5. Influence of specialised skills where it's hard for one to get a job after losing another.
- b) Outline any *two* measures for seasonal unemployment.

1. Agricultural diversification.
2. Comprehensive industrial policy.
3. Skills diversification.
4. Encourage use of irrigation.

DISGUISED UNEMPLOYMENT. This is where the labour force is actively involved in production but its Marginal Product is either negligible or negative.

Question

Mention two causes of disguised unemployment.

1. Shortage of land in some parts of the country.
2. Inadequate supply of labour.
3. Excess supply of labour in some occupations.
4. Discrimination of labour in some sectors.
5. High population growth rates.
6. Inadequate skills.

Give the solutions to DISGUISED unemployment in an economy.

1. Undertaking land reforms to ease access to land by the poor to carry out economic activities.
2. Controlling population growth rate to reduce the mounting pressure on land arising out of the increase in population.
3. Advertising job vacancies to limit overcrowding of workers in particular occupations.
4. Undertaking entrepreneurship development to empower the public create their jobs.
5. Development of infrastructure to ease transportation and investment for more jobs.

6. Diversification of skills to attract labour to a variety of economic activities instead of overcrowding in a few.
7. Encouraging privatisation expand the private sector and increase employment in the long run.
8. Encouraging economic diversification to create many job opportunities for people.
9. Availing firms with affordable capital for investment to increase production and jobs.
10. Encouraging management reforms to limit nepotism in the public sector.
11. Proper manpower planning.
12. Encouraging the development of agriculture.

FRICTIONAL UNEMPLOYMENT. This is one which occurs when labour is changing from one job to another in the short run.

Or; this is one which occurs when labour is moving or switching from one job to another.

Question

a) Mention any *two* causes of frictional unemployment.

1. Ignorance of the existing jobs.
2. Structural break down due to political unrests.
3. Geographical immobility.
4. High levels of specialization.
5. Limited skills.
6. Temporary shortage of raw materials.
7. Bureaucracy involved in recruitment.

b) Outline any *two* policy measures for frictional unemployment.

1. Job publicity.
2. Improve on geographical mobility of labour.
3. Ensure political stability.
4. Skills development.
5. Advertise the available jobs.
6. Retrain labour on job through refresher courses.

STRUCTURAL UNEMPLOYMENT. This is a form of unemployment due to structural rigidities in the economy.

Or; this is one due to the decline in the number of jobs available in a particular region or industry.

Question

a) Mention any *two* causes of structural unemployment.

1. Changes in fashion and design.
2. Technological progress.
3. Exhaustion of vital raw materials.
4. Long periods of training.
5. Political instability.
6. Break down of infrastructures.
7. Decline in demand for the commodities.

b) State any *two* measures for structural unemployment.

1. Use of appropriate technology.
2. Flexibility in production to changes in fashion and taste.
3. Skills diversification.
4. Ensure political stability.
5. Import cheap raw materials.
6. Proper manpower planning.
7. Wide the market size.

RURAL UNEMPLOYMENT. This is where labour force remains unemployed in the rural sector. It is common among the rural youths.

Question

a) Mention any *two* causes of rural unemployment.

1. Land shortage.
2. Political instability.
3. Poor technology.
4. Natural disability.
5. Dependence on nature.
6. Limited access to economic infrastructure.

b) Outline any *two* measures for rural unemployment.

1. Ensure political stability.
2. Agricultural diversification.

3. Promote land reforms.
4. Rural transformation.
5. Extend credit to farmers.

NATURAL UNEMPLOYMENT. This is one which occurs at full employment level of labour.

Or; this is one where the number of available jobs is equal to the number of people looking them but still some people remain unemployed. This is due to natural disability and transitional factors.

CASUAL UNEMPLOYMENT. This is one where labour is employed only when there is demand for it and becomes unemployed when the job is accomplished.

Or; this is one caused due to completion of the task for which labour was employed. For example, contract workers.

Examples of casual unemployment include;

1. Workers hired in the agricultural sector during harvesting time become unemployed as soon as harvesting is done.
2. Builders working on a construction site become unemployed as soon as the work is accomplished.
3. Extra workers hired for loading and unloading at a dockyard become unemployed as soon as the work is accomplished.
4. Extra workers hired by catering services during wedding time to cook and serve become unemployed once the party is over.

Solution

The most viable remedy for this kind of unemployment is for one to keep an open eye for any job opportunity so that as one finishes work on one job, he/she can commence on work in another job.

MASS UNEMPLOYMENT. This is one where most people are unemployed in the country.

Question

Mention any *two* causes of mass unemployment.

1. Rapid increase in population.
1. Destruction of major industries.
3. Decline in demand for products from major industries.

RESIDUAL UNEMPLOYMENT. This is one due to the physical disability or mental incapacitation of labour.

The disabled people find few occupations open to them and therefore, remain unemployed. Even in the period of the boom, such people remain unemployed because they are regarded by the would-be employers as unemployable.

KEYNESIAN/DEFICIT/AGGREGATE DEMAND/CYCLICAL UNEMPLOYMENT. This is one due to insufficient aggregate demand for goods and services. When aggregate demand falls, producers cut down production and lay off workers leading to unemployment.

Question

a) Mention any *two* causes of cyclical unemployment.

1. Fall in price levels.
2. Fall in savings.
3. Fall in exports.
4. Increase in imports leads to loss of demand for domestic goods and services.
5. Increased taxation.
6. Limited supply of money.

b) Mention any *two* measures for Keynesian unemployment.

1. Increase government expenditure.
2. Reduce taxes.
3. Reduce imports.
4. Increase money supply.

5. Increase incomes and salaries.

6. Increase investments.

INVOLUNTARY UNEMPLOYMENT. This is a form of unemployment where labour is willing to work at the ongoing wage rate but unable to find jobs.

NORMAL UNEMPLOYMENT. This is a state of low levels of unemployment usually at less than 10%.

Or; it is due to geographical and occupational changes in employment in the country.

PERSISTENT UNEMPLOYMENT. This is one where people remain unemployed even during the period of the boom.

Or; this is one due to lack of information on employment opportunities in the country.

INTERNATIONAL/EXPORT UNEMPLOYMENT. This is a form of unemployment caused by serious loss of market for a major export commodity due to adoption of protectionist policies or changes in the export market.

Or; this is one where labour force formally employed in the export sector is rendered unemployed due to loss of market.

Question

State the causes of international unemployment.

1. Use of protectionist policy.

2. Loss of export market.

3. Adoption of import substitution policy.

REGIONAL UNEMPLOYMENT. This where people lack jobs in a particular region or area of the country.

Or; this is one which arises out of changes in the economic structure of the key sectors of the affected regions.

For example, exhaustion of resources for a mining industry or fall in aggregate demand for a major commodity produced by a region leading to unemployment.

TECHNOLOGICAL UNEMPLOYMENT. This is where people are unemployed due to improvements in the methods of production.

HYPER UNEMPLOYMENT. This is one which arises out of the faster loss of value of a country's currency. It results into high prices and loss of demand for goods and services hence fall in demand for labour.

Question

Distinguish between Over employment and Output employment lag.

Over employment is where the existing labour is over used than other available factors of production like capital Where as;

Output employment lag is where the rate of employment is less than the rate of growth of output in the economy.

ERRATIC UNEMPLOYMENT. This is where labour is temporarily employed in a season when work is available but later laid off when work is over and cannot be maintained on full time basis.

Question

Mention any *two* causes of erratic unemployment.

1. High population growth rate.
2. Poor education system.
3. Expiry of a contract.
4. Discrimination in the labor market.
5. Influence of labour immobility.

UNDER EMPLOYMENT. This is the under utilization of resources especially in the labour sector.

Or; this occurs when the available work is insufficient to keep the labour force fully employed.

FORMS OF UNDER EMPLOYMENT

1. Labour working for less than the prescribed. ie. A worker supposed to work for 20 hours per week and ends up working for 12 hours per week.
2. Doing work far below ones training/ skills. ie. A doctor working as a baby seater.
3. Labour engaging in an activity where the cooperant factors are inadequate. ie labour employed of a farm that lacks inputs.
4. Labour working full time but the marginal product is zero.

Question

State the causes of under employment.

1. Influence of instability
2. The limited/ small markets
3. Ignorance of people about the availability of jobs
4. Poor land tenure system
5. Poor attitudes of people towards work/ low wages/ desire for leisure
6. Limited skills
7. Seasonal changes for example in agriculture.
8. Rural-urban migration leading to underemployment in urban areas.
9. Desire to retain labour force by trade unions/ employers.
10. High population growth rates
11. Poor man power planning
12. Discrimination in the labour market on the basis of race, sex, religion, etc.
12. Limited raw materials.

Question

State any *two* policy measures for under employment.

1. Comprehensive industrial policy.
2. Use of better methods of production.
3. Population control.
4. Land improvement.

OPEN URBAN UNEMPLOYMENT

This is where labour is visibly without jobs in towns.

Or; this is where people are found openly doing nothing in urban areas.

CAUSES OF OPEN URBAN UNEMPLOYMENT

1. High rates of rural urban migration. This produces excessive labour in towns beyond the available job opportunities causing urban unemployment.

2. Poor education system in towns. This produces excessive job seekers in towns compared to the available jobs causing urban unemployment.

3. High population growth rate in towns. This increases pressure on the existing jobs in towns where the excess people remain urbanly unemployed.

4. Poor manpower planning in towns. This is where labour is trained with skills not relevant for the available jobs in towns.

5. Use of capital intensive technology in towns. This is due to use of the techniques of production which many local people in urban centers cannot use which renders them unemployed in towns.

6. Employment of foreign personnel. This is due to use of foreigners in activities that can be taken up by the local people in town which leaves many people without jobs in towns.

7. Discrimination in the labor market in towns. This is where people fail to get jobs due to lack of links with employers, or lack family connections or lack political, religious, tribal or cultural ties to those with job offers in towns.

8. Ignorance of people about the existing jobs. This is where people fail to get jobs in town because are not aware of particular towns and industries where such jobs exist.

9. Political instability. This is due to wars and political killings that hinder people from working in town for fear of loss of their lives and remain unemployed there.

Or; this is due to unrests and riots which destroy economic activities in town leading to urban unemployment.

Question

a) Explain the causes of urban unemployment in an economy.

b) Explain the causes of open urban unemployment in your country.

MEASURES FOR URBAN UNEMPLOYMENT

1. Improve on infrastructure. This eases transportation of goods and raw materials which reduces the cost of production attract economic activities and more jobs in towns.

2. Attract more investment. This is through provision of attractive incentives to investors to reduce the cost of production and attracts more industries and jobs in towns.

3. Diversify the economy. This encourages people to participate in many economic activities which generate more job opportunities to people hence averting the unemployment problem in towns.

4. Carry out education reforms. This equips people with practical skills through Vocationalisation of education to enable them create their own jobs in towns.

5. Liberalize the economy. This attracts investors in different forms of industries without restrictions to create more jobs in towns.

6. Privatize the economy. This disposes off poor performing public enterprises to financially stable investors which reorganizes these industries and create more jobs for people in towns.

7. Control population. This limits the rate of increase in the number of people through use of family planning which makes jobs available for the existing people in towns.

8. Modernize agriculture. This encourages people to use better methods of farming which attracts more people in farm-based activities and agro-processing firms in towns.

9. Provide credit. This eases people's access to soft loans as start up capital which attracts many economic activities hence increasing urban jobs.

10. Advertise the existing jobs. This helps to inform the general public on the available jobs and enable people who match the required skills apply for such jobs them hence increasing jobs in towns.

11. Carry out land reforms. This eases access to land by many unemployed people which increases agriculture and agri-business activities in towns hence more jobs created there.

12. Wider the market. This secures markets where people sell output which attracts economic activities and create more jobs in towns.

Question

a) Suggest measures that should be taken to reduce urban unemployment in an economy.

b) Suggest measures for reducing unemployment in your country.

Distinguish between voluntary urban unemployment and involuntary urban unemployment.

Voluntary urban employment is where jobs are available in urban areas but labour force is not willing to take on the job at the ongoing wage rate where as; **Involuntary urban unemployment** is one where people are willing to work but unable to get jobs.

Distinguish between push factors and pull factors.

Push factors are general problems in villages that force people to migrate to towns where as; **Pull factors** are general excitements in towns that attract people to migrate to towns.

Mention any three examples of push factors

1. Political instabilities in villages
2. Poor health services associated with rural areas.
3. Poor education facilities in rural areas.
4. Over population and land fragmentation in villages.

Give any three examples of pull factors

1. Better education facilities in towns.
2. Good medical services in towns.
3. Good housing facilities in urban areas.
4. Better security in towns.
5. High opportunities for employment in town.