

Happy Birthday! You're Unemployed!

Teaching Students the Three Types of Unemployment through a Simple Classroom Activity

Abstract:

Many of our students encounter unemployment each and every day. May it be through being unemployed themselves or having a friend or relative dealing with unemployment. What most of our students don't realize is that not everyone who is unemployed are dealing with the same difficulties in finding a job. By understanding the three different types of unemployment, students can better understand different policies that deal with trying to limit the time individuals spend unemployed. A simple classroom activity where students try and find someone else in class who was born in the same month as them, can help students begin to understand the three main types of unemployment. The paper starts with a background on the three types of unemployment. Section II discusses the preparation needed on the behalf of the instructor to administer the activity. Section III follows with an outline of the activity. In section IV I provide discussion topics for after the activity and section V provides possible extensions. The paper concludes with section VI.

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I. Background:

Most leading principles of economics textbooks (Hubbard & O'Brien, Mankiw, Krugman & Wells, Mateer & Coppock) break down unemployment into three different types: frictional, structural, and cyclical. (Some textbooks include seasonal unemployment but this paper will not address seasonal unemployment). Although different authors may have different definitions for these three types of unemployment, they usually have the same understanding when looking at the relationship between skills and jobs available. Students understand that different jobs need workers with different skills. Hopefully this is why they are getting a degree; to gain a skill set that is needed by an employer. What we teach students at the principles level is that there is some friction in the job market and it takes time to match the right worker with the right job; meaning matching someone who has a certain type of skill with the job that needs the skill. During the time that people are searching for jobs that are available for them they are unemployed. We classify this as being frictionally unemployed. Frictional unemployment occurs when you have the skills needed by a job, and a job is out there available for you, you just have not been matched with that job yet.

Another type of unemployment that we teach our students is structural unemployment. Different textbooks have different definitions for structural unemployment but even with these different definitions, all agree that the idea of structural unemployment is that an individual does not possess the skills that are needed in the job market. Again, we can relate the skills of the individual to the skills needed by employers.

The last type of unemployment we discuss in class is cyclical unemployment. Cyclical unemployment may also have different definitions depending on the author (LIST DIFFERENT DEFINITIONS). Even with these differences, when we think of the skills that a worker has, we can see that someone who is cyclically unemployed has the skills that are needed in the job market but no jobs are available.

Figures 1 & 2 gives a breakdown of the types of unemployment and how they relate to skills and job availability.

Figure 1:

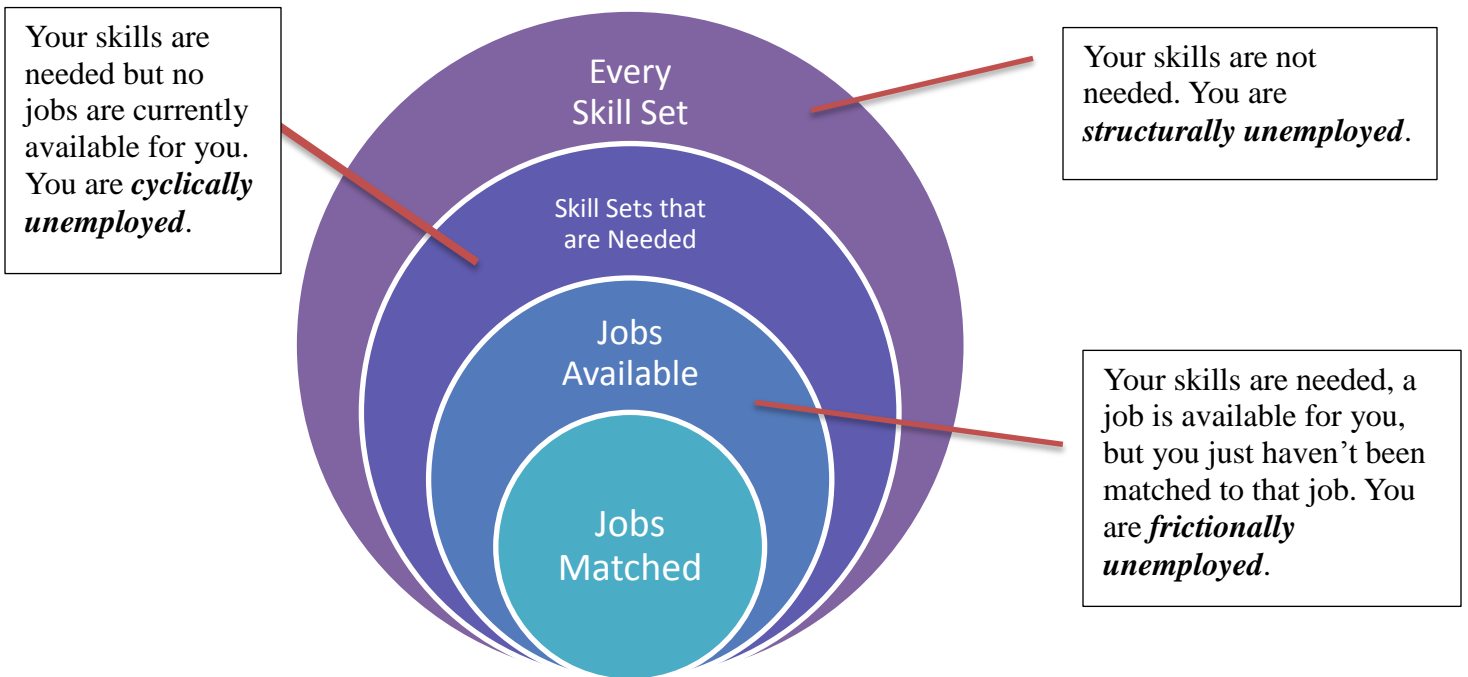


Figure 2:

	Frictional	Structural	Cyclical
Skills Needed	Yes	No	Yes
Job Available	Yes	No	No

The following activity will try and drive home the idea of skills and their role in unemployment. Each student will play both the part of the job seeker and the employer in this activity. The skill that students will have and need will be a characteristic about them. For the main part this paper the skill each

student has is the month in which they were born. The extension section of the paper, section V, provides other types of characteristics you can use as skills for your students. This will be useful if you want to run multiple rounds of the activity or have a larger class. The idea of matching will play out as students try and match their skill with another student who has the same skill. Some students will not be able to find a match because their birth month (read: skill) is not needed, other students will find someone who needs their skill but that person already been matched. As you can start to see, you can relate these different types of students to the three different types of unemployment.

II. Pre-Activity:

Before you conduct the activity in class it is important that your students have some exposure to the different types of unemployment. This can be done by requiring the unemployment chapter be read before class, giving a pre-lecture quiz or going over the three types in lecture before the activity begins. Having students aware of the three types of unemployment will make it easier for them to connect it to the activity.

III. The Activity:

The total time for this activity will depend on a few factors including how active your students are in class as well as how many students you have. The total time also depends on how much discussion you want to leave at the end of the activity and if you want to explore any possible extensions. Many of the extensions cover other topics under the umbrella of unemployment which can lead to covering more material.

The cost in monetary terms for this activity is zero. There are no materials you as the instructor need to buy unless you want to hand out the directions on paper in which case you will need copies of the directions.

The best way to introduce the activity to the students is by showing a slide or handing out a paper with the directions as follows:

1. For this in-class activity there will be absolutely no talking.
2. Your goal is to find someone in the class that was born in the same month as you. Finding someone born in the same month as this means you have been employed.
3. Once you find someone who was born in the same month as you, find two seats together and sit down.
4. If you cannot find someone who has the same birth month as you, stand on the left side of the classroom.
5. If you find people who have the same birth month as you but they are already paired up, stand on the right side of the classroom.
6. While you are waiting for the activity to finish up, discuss how you feel the current employment situation is with the people around you. Do you know the current unemployment rate? What about the unemployment rate for other countries? For specific races? Or specific levels of education?

Make sure you give enough time for students to walk around and find a 'job.' Playing music in the background will kill the silence. Some suggestions of music would be the edited version of "Why Don't You Get a Job" by The Offspring, "Take this Job and Shove It!" by Johnny Paycheck, or the American folk song "I've Been Working on the Rail Road."

IV. Discussion:

Once all students are either matched up or standing on one side of the classroom or the other, an open discussion about the three types of unemployment should follow.

1. Frictional Unemployment

Start with the group that found matches and are now sitting down. Congratulate them on finding a job and ask them how long it took them to find their match. Hopefully by now the students can relate this to frictional unemployment. Ask the class if they have any suggestions on how to reduce the level of frictional unemployment in this activity. Then follow up by asking what ways frictional unemployment can be reduced in society.

2. Structural Unemployment

For smaller classes you will likely have single students born in a month. For larger classes you may not run into structural unemployment. This is where using a different characteristic like the second letter of the student's first name or the area code the student's phone number has can work better or select a subset of students to participate in the activity. A list of characteristics you can use are listed in the extensions part, section V, of the paper. Talk to those students about structural unemployment and the possibility that some skills just aren't needed in a job market. In this activity it is impossible to update their skills. They would need to change their birth month which is impossible. But you can discuss with them what they would need to do to find a job, if changing their birth month was a possibility. Ask the class if they have any suggestions on how to reduce structural unemployment in society. This may also be a good time to revisit the idea of opportunity cost and tradeoffs when it comes to the government spending money on different types of programs.

3. Cyclical Unemployment

In both small and large classes you should end up with an odd number of students for certain months. Talk to this group of students about how their skill was needed by an employer but there wasn't a job available for them at this time. Ask the students if they should update their skills. Some will say no and some will say yes. Inform them that they are both right and discuss the difficulties with cyclical unemployment.

V. Extensions:

1. Changing Friction

A way to extend this activity would be to change the frictions to the job search. Maybe you allow for talking. This could reduce the amount of time that it takes for students to find a job or it could increase it. It depends on how talkative the students get and how many students there are. You can also restrict the use of pen and paper to make it more difficult for students to communicate with each other, adding more friction into the market.

2. Finding a Better Match

Ask students to not only find a person that is born in the same month but find the person who has a birthday that is closest to theirs. This provides an interesting dynamic to the activity. You can now talk about why employers do not hire the first person they come across and job seekers do not always accept the first offer. This leads into a discussion on different causes of frictional unemployment.

3. Discouraged Workers

Stop the job searching early while students are still looking for a job. Ask if anyone has given up looking for a job match. If they have, you can have a brief discussion about discouraged workers.

4. Not in the Labor Force

Give your students the choice of whether or not they want to participate in the activity. Those that decide not to participate in the activity can be classified as not in the labor force.

5. Calculations

Make students count the number of unemployed workers, employed workers, and those not in the labor force in your classroom. Then calculate the unemployment rate and the labor force participation rate in your classroom.

6. Other Characteristics

Like mentioned above, in large classes you may not find any structural unemployment. Here are some other possibilities to try and create more unemployment.

- a. The actual birth day, not month. For example if the student's birthday was March 18th, instead of using March as their skill they would use the number 18. This increases the possibilities from 12 to 31.
- b. A specific letter in their name. For example, use the second letter of their last name. Or the first letter of their middle name. A fun extension is to use the 7th letter of their last name because some students will not have 7 letters in their last name. You can talk about these students not being in the labor force.
- c. The height printed on their driver's license. Again people without a driver's license may be considered not in the labor force.

VI. Conclusion

It is important for students to understand the different types of unemployment. Although very few will become policy makers, all will have the opportunity to vote in those who will be deciding how to allocate resources towards fighting unemployment. Being able to understand and reason through the different types of unemployment, students will be better prepared to vote and make policy for their communities. This activity solidifies those concepts.