

Unemployment and Labor Force Participation Rates:
How are they measured and how do the rates differ in Japan and the United States?

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Introduction: This lesson covers the basics of measuring the unemployment rate and the labor force participation rate and extends the concepts by comparing the rates in Japan and the United States since the start of the Covid pandemic. It can be used in an AP Macroeconomics course or in a college-prep economics course.

Learning objectives:

- Students will be able to calculate the unemployment rate and the labor force participation rate.
- Students will be able to explain how changes in employment and the labor market affect the unemployment rate and the labor force participation rate.
- Students will be able to compare the unemployment rates and labor force participation rates of the U.S. and Japan and hypothesize explanations for differences in the two countries' data.

Essential questions:

- How do societies measure the health of their labor force?
- What are the implications of not including discouraged workers in the labor force?
- What are the shortcomings of the unemployment rate in gauging the impact of the Covid pandemic on a country's workforce?
- How do social and economic priorities affect the culture of the labor force in a country?

Duration: Two 90-minute class periods.

Standards:

- AP Macroeconomics Topic 2.3
- State of Georgia standards:
 - **SSEMA1 Illustrate the means by which economic activity is measured.**
 - a. Identify and describe the macroeconomic goals of steady economic growth, stable prices, and full employment.
 - c. Define unemployment rate . . . and explain how [it] is used to evaluate the macroeconomic goals from SSEMA1a.

Lesson procedure:

1. Begin lesson with a think-pair-share in Google slides #1 regarding students' impressions of unemployment.
2. Teacher engages in whole group instruction using Google slides to review definitions and calculation of unemployment rate and labor force participation rate (LFPR).
3. Using the economic data website of the Federal Reserve Bank of St. Louis (<https://fred.stlouisfed.org/>), students research historic unemployment rate and LFPR data for Japan and the United States and record their findings in the table provided.
4. As a class, review the research findings to ensure that students were able to find the correct data.
5. After students have completed their research, divide the class into three groups and assign each group one of the following articles (for differentiation, the Nippon.com article is more advanced). Have each group report their findings to the class in response to the questions assigned to their article:
 - a. <https://www.nytimes.com/2020/06/20/business/japan-unemployment.html>
 - i. What unique aspects of the Covid-induced global economic downturn have kept unemployment rates lower than would be expected? (Hint: think about the labor force participation rate (the denominator in the unemployment rate).)
 - ii. What differences in business philosophy between Japanese and American companies might account for the difference in unemployment rates during the pandemic?
 - iii. What benefits might accrue to Japanese workers and their families during the economic downturn caused by the Covid pandemic as a result of the country's labor policies and practices?
 - b. <https://www.nippon.com/en/in-depth/a07603/>
 - i. What has happened to the employment rate in Japan since the start of the Covid pandemic?
 - ii. What has happened to Japan's LFPR since the start of the pandemic? What issues remain?
 - iii. Who is included in the category "employed persons not at work"? Does the United States have that category in our labor force?
 - c. <https://www.nytimes.com/2021/11/05/business/economy/october-2021-jobs-report.html>
 - i. What has happened to the employment rate in the U.S. since the start of the Covid pandemic?
 - ii. What has happened to the U.S. LFPR since the start of the pandemic? What issues remain?

- iii. What does [this article](#) suggest was one main way the U.S. government tried to support workers who lost their job as a result of the Covid pandemic?
6. To conclude the lesson, have students reflect on the strengths and weaknesses of the unemployment rate and LFPR in accurately depicting the effects of a global economic downturn such as the current one brought on by the Covid pandemic. Then, have students reflect on the different experiences of workers in Japan and the U.S. since the start of the Covid pandemic. Finally, have students discuss which system is more efficient, and which is more equitable: a system with a more supportive private sector backed up by government policies or a system with less support from the private sector coupled with discretionary government stabilizers?