**UNEMPLOYMENT:**

* People who are available for and willing to work but do not have paid employment**.**

**Causes of Unemployment:**

**1. RECESSION:**

* Companies moving abroad.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**2. REDUCED DEMAND FOR GOODS AND SERVICES**

* Cheaper imported products.
* Fall off in demand for Irish goods.
* Closure of indigenous firms.

**3. LOW WAGES:**

* Little \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for long term unemployed to return to work.
* Loss of benefits e.g. rent supplement, and a drop in income.

**4. AUTOMATION AND NEW TECHNOLOGIES:**

* Fewer workers needed to run more technologically advanced companies.
* Technical difficulty adapting to changing requirements of industry.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_workers made redundant.

**5. SEASONAL VARIATION:**

* Some employment is seasonal.
* Agriculture, tourism and construction.
* Off-season workers are laid off.
* Students return to full-time education.

**EFFECTS OF UNEMPLOYMENT ON THE INDIVIDUAL**

**1. Loss of Income:**

* Financial insecurity.
* Stress / Worry about bills.
* Fear of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**2. Loss of Status:**

* Erodes self-esteem.
* Decline in self-confidence.

**3. Loss of Social Contact:**

* Social isolation.
* Social life and leisure restricted by limited finance.

**4. Sense of Guilt:**

* Failed themselves.
* Let down their family.

**5. Health Problems:**

* Depression
* Anxiety
* Stress
* Alcohol abuse

**EFFECTS OF UNEMPLOYMENT ON THE FAMILY**

**1. Decline in Living Standards:**

* Repossession of car.
* No foreign holidays / leisure activities.
* Loss of family home.

**2. Poverty:**

* Common among \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ families.
* Affects nutrition, schooling leading to educational disadvantage.
* Insecurity

**3. Strained Relationships:**

* Tension
* Possibly violence in the home.
* Marital breakdown.

**4. Children may suffer emotionally and psychologically:**

* Strain on relationships between parents and children.
* Bored breadwinner creating tension.
* Worry about the future can result in \_\_\_\_\_\_\_\_\_\_ health.

**5. Can Shape Children’s Views of Employment/Unemployment:**

* Parents are role models for children.
* Children of long term unemployed may fall into poverty trap.

**EFFECTS OF UNEMPLOYMENT ON SOCIETY**

**1. Increase in Anti-Social Behavior:**

* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ can lead to drug or alcohol abuse, vandalism, and crime.
* Areas develop bad reputations and become unemployment black spots.

**2. Cost to the State:**

* Unemployed people are financially dependent on social welfare for their income.
* Loss of income tax for the government.

**3. Decline in Population in Rural Areas:**

* People forced to leave an area in search of employment.
* This has a negative impact on other business and services leading to further unemployment.

**4. Children of Unemployed Parents are more likely to be Unemployed Themselves:**

* Where long-term unemployment is accepted as the norm children lack a positive work ethic and a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of unemployment develops over generations.

**5. Increased Growth of the “Black Economy”:**

* Loss of tax revenue for the government as unemployed people receive cash for work done while unemployed.

**Governmental Response to all of this**

**John Maynard Keynes:**

**The General Theory of Employment, Interest, and Money:**

* In the classical model, the unemployment caused by the Great Depression should have been solved by wage reductions that would rapidly clear the labor market. However, this did not seem to be happening.
* Keynes argued that market forces are not an adequate ‘\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_; only government has the capacity and the responsibility to stabilize the economy.
* The capacity comes from the government control of the budget; the responsibility derives from the imperative of maintaining social order.
* Under conditions of large-scale unemployment, Keynes argued, there is no barrier to the increased supply of goods; equally so, there is a ‘notational’ demand on the part of unemployed workers for goods (i.e. they would buy goods if they had the means).
* However, their unemployment precludes their ability to buy.

**The Role of Government:**

* The role of government is to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ demand through spending in times of economic slack.
* Policy makers should manipulate government expenditures to achieve a desirable level of aggregate demand.
* In times of economic downturn, this can be achieved either through lowering tax rates or increasing government expenditures.
* According to Keynes, governments should \_\_\_\_\_\_\_\_\_\_\_\_\_\_ deficits and borrow money in times of downturn; these debts can be repaid through higher taxation in times of economic growth.

**What happened to Keynesianism?**

* Government expenditures in the Depression and post-war years culminated in the creation of the ‘\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_’.
* After an unparalleled period of economic growth in the “golden era” of Keynesianism, the “welfare state” in post-industrial societies ran into a series of problems in the late 1960’s and early 1970’s that can be summed up as:

**Critiques of the Keynesian ‘social welfare’ model:**

* As the ‘post-war’ consensus began to fall apart in the 1960’s and 1970’s, a reaction to Keynesianism emerged on both the political left and right.
* This gave way to what today we call the New Left and the Neo-liberal Right
* Both are extremely important in understanding \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**New Left Critique of Keynesian Welfare State:**

* ineffective
* repressive
* causes ‘ideological conditioning’
* SOLUTION: restrict capitalism, encourage grassroots activism (both in economic and political terms)
* The New Left has provided the core of the anti-globalization movement

**New Right (neo-liberal) Critique of the Welfare State:**

* inefficient
* creates disincentives to invest
* creates disincentives to work
* SOLUTION: expand markets, reduce scope of government (programs, regulation, etc.), and decrease taxation.
* The neo-liberal right is the most firm proponent of globalization