

(a) Increase in Potential Output

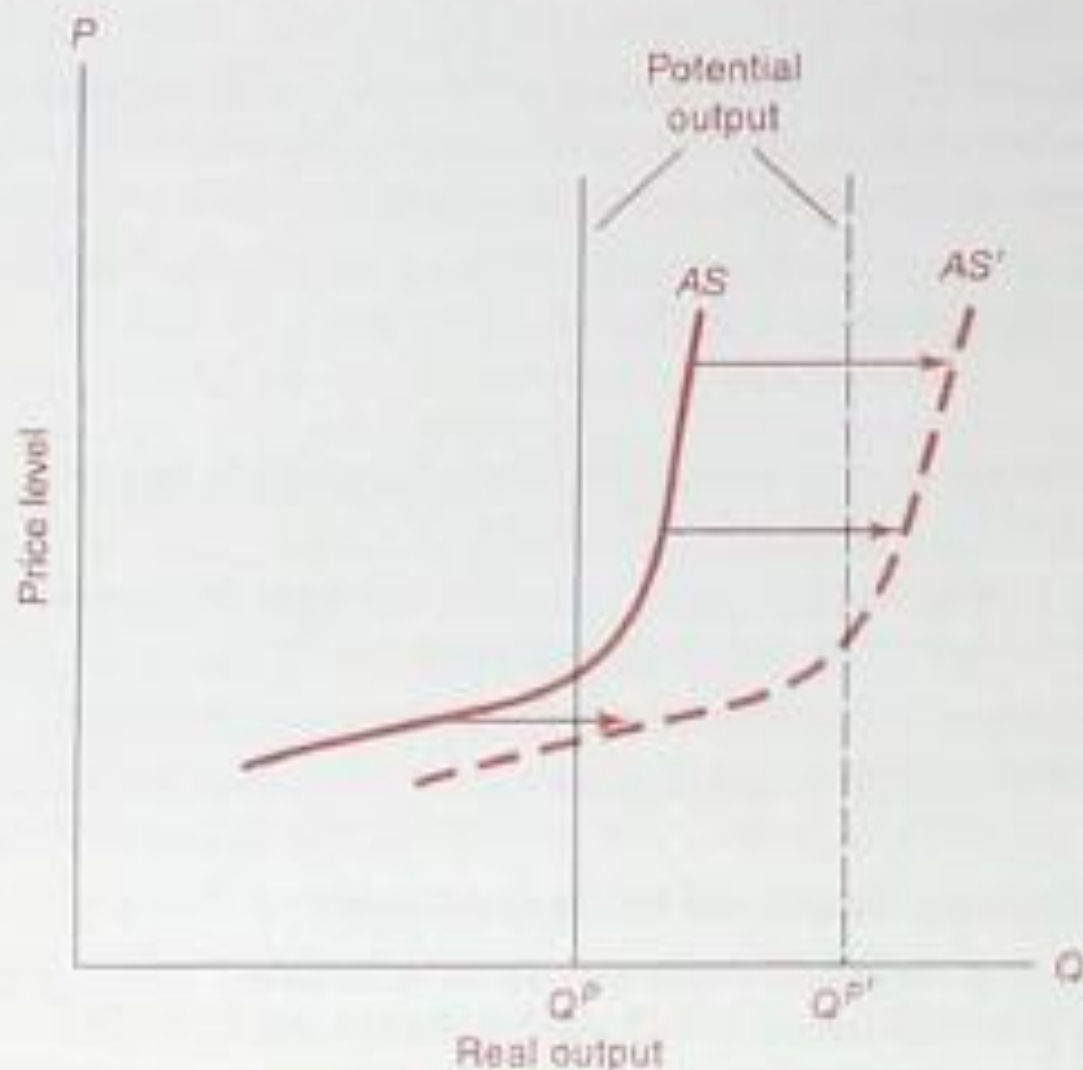


FIGURE 31-1. How Do Growth in Potential Output and Cost Increases Affect Aggregate Supply?

(b) Increase in Costs

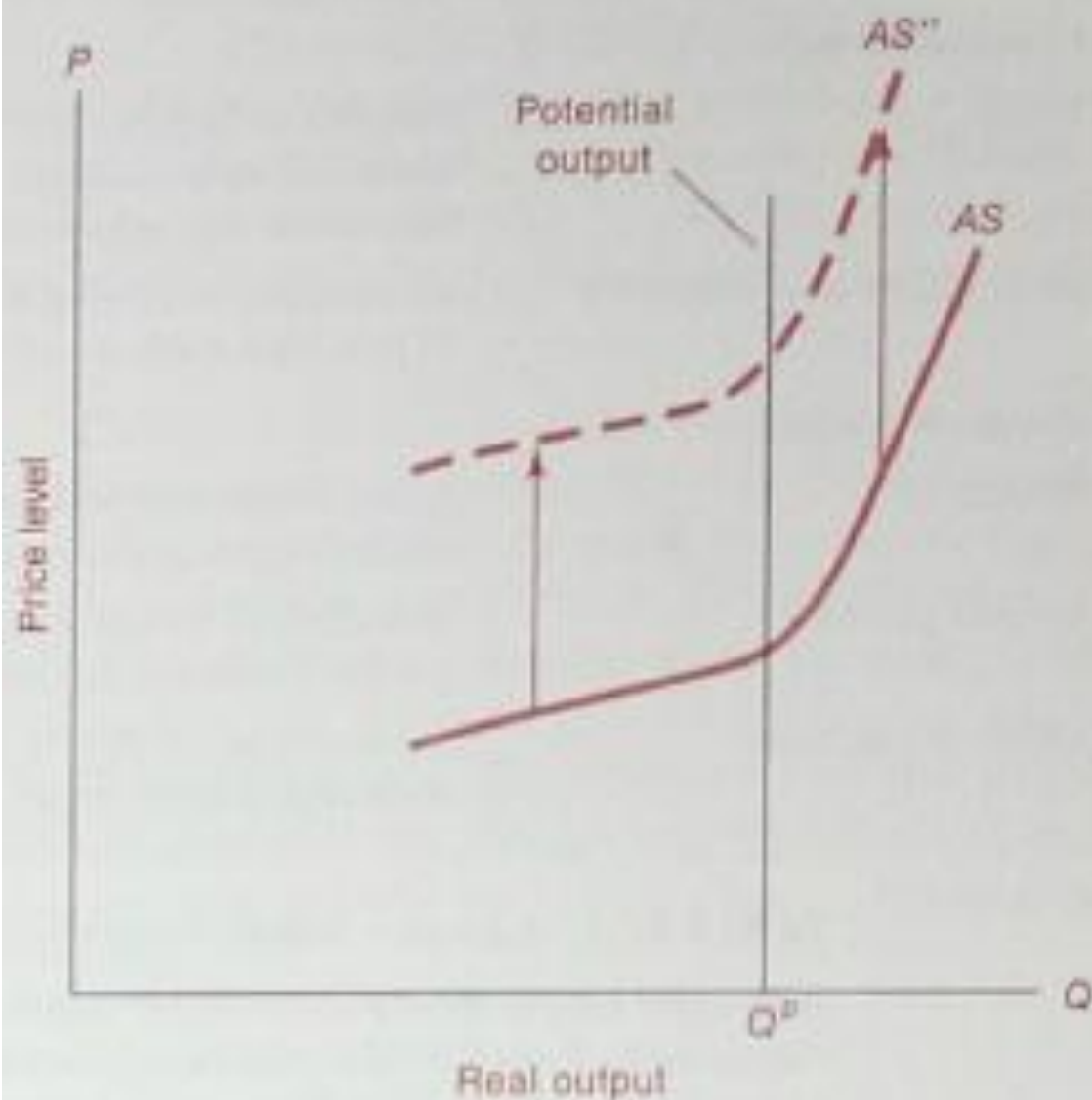
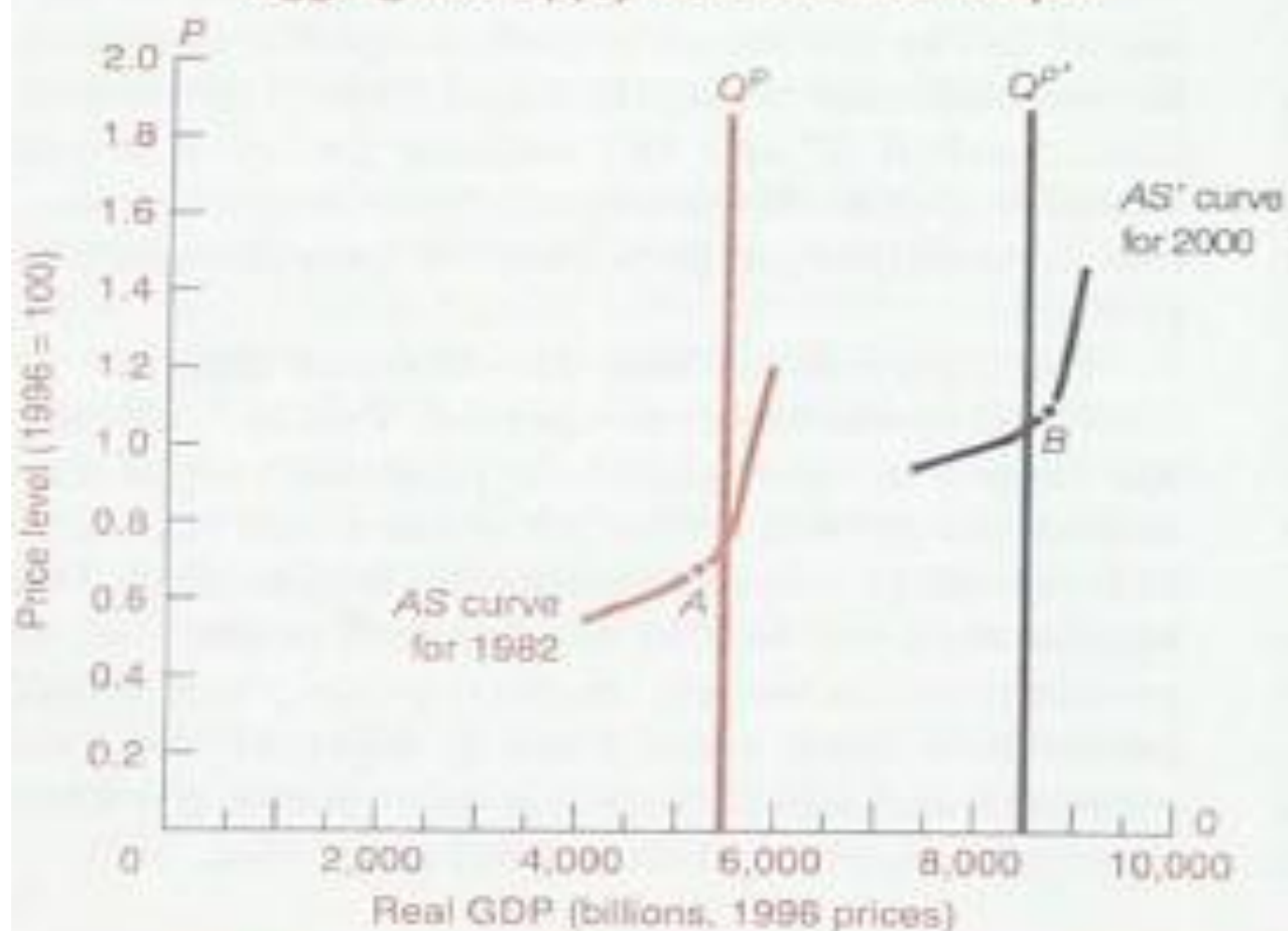


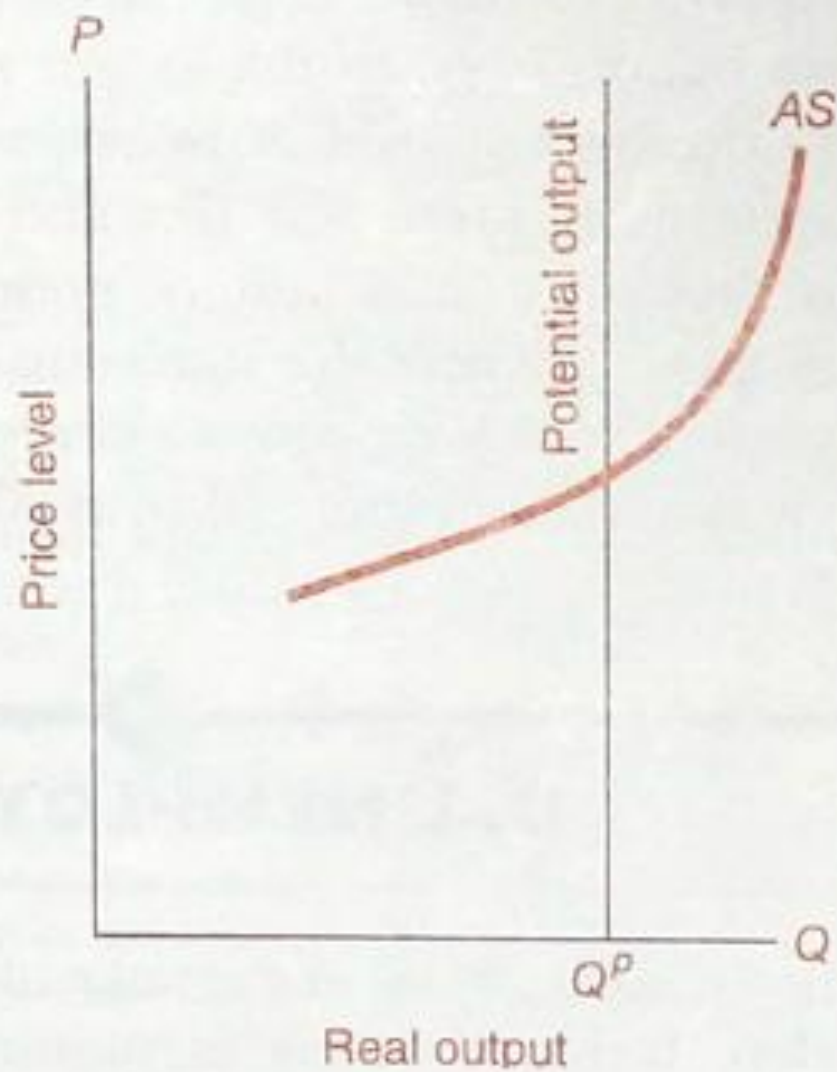
FIGURE 31-1. How Do Growth in Potential Output and Cost Increases Affect Aggregate Supply?

### Aggregate Supply and Potential Output



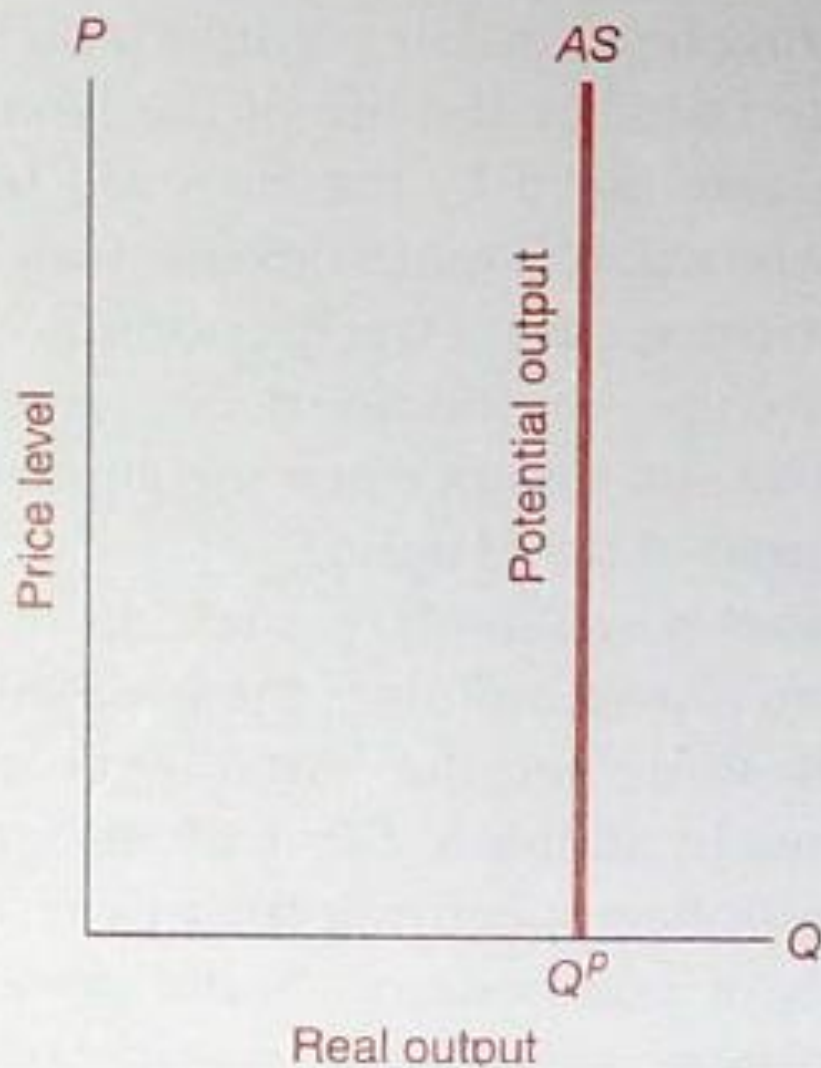
**FIGURE 31-2.** In Reality, Aggregate Supply Shifts Combine Cost Increases and Increased Potential Output.

(a) Short Run

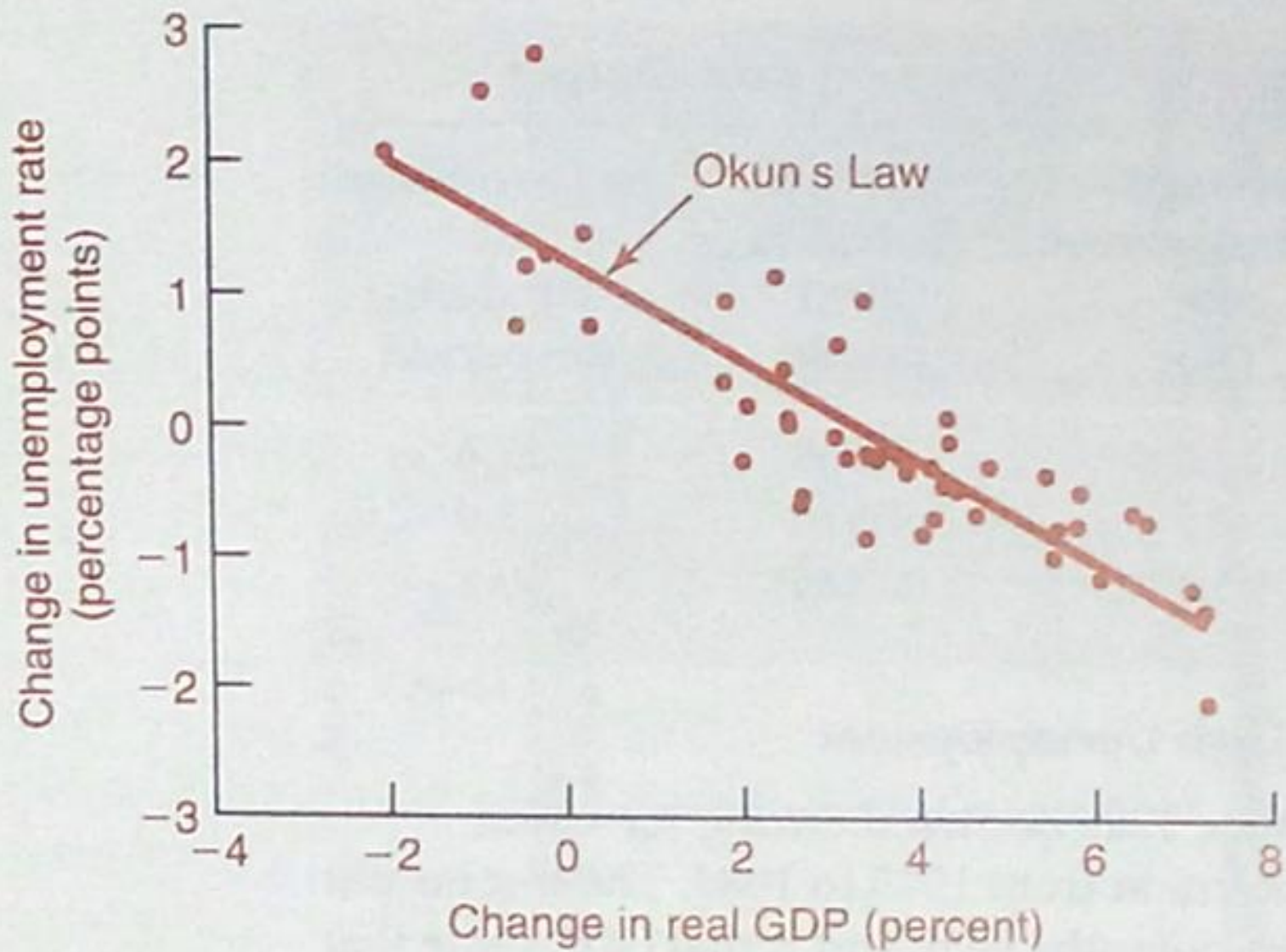


**FIGURE 31-3. AS Is Relatively Flat in the Short Run but Turns Vertical in the Long Run**

### (b) Long Run

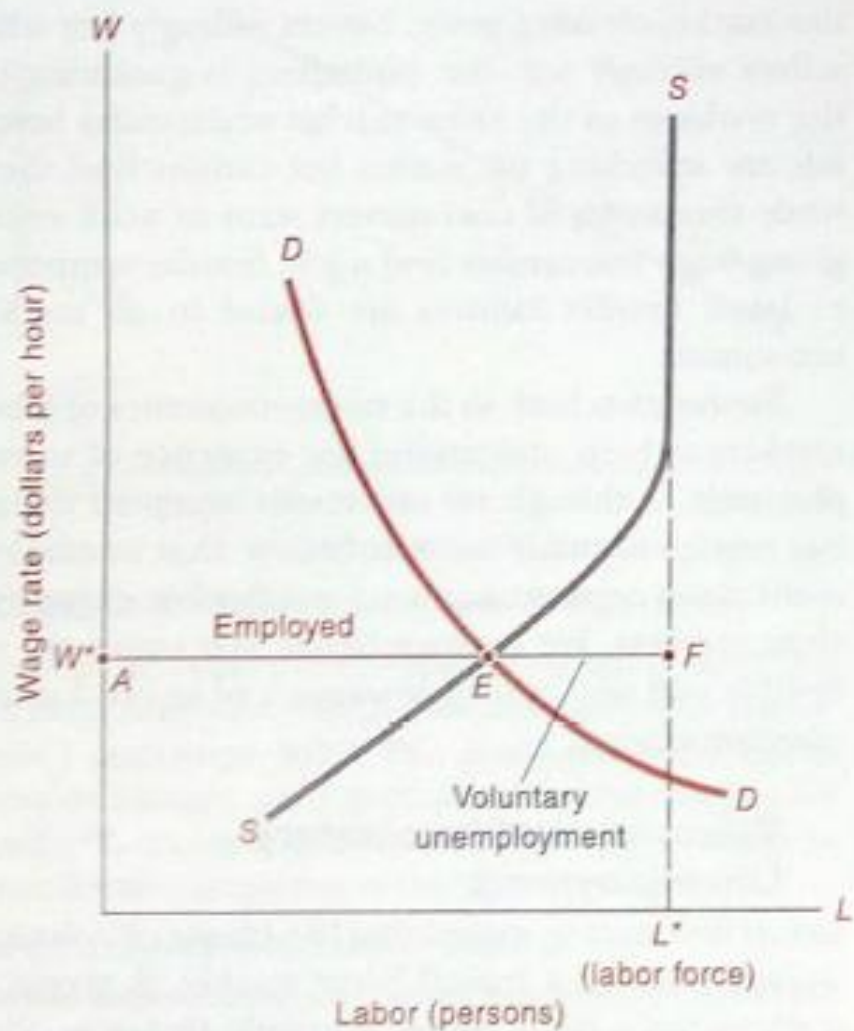


**FIGURE 31-3.** AS Is Relatively Flat in the Short Run but Turns Vertical in the Long Run



**FIGURE 31-5. Okun's Law Illustrated, 1955–2002**

(a) Flexible Wages



(b) Inflexible Wages

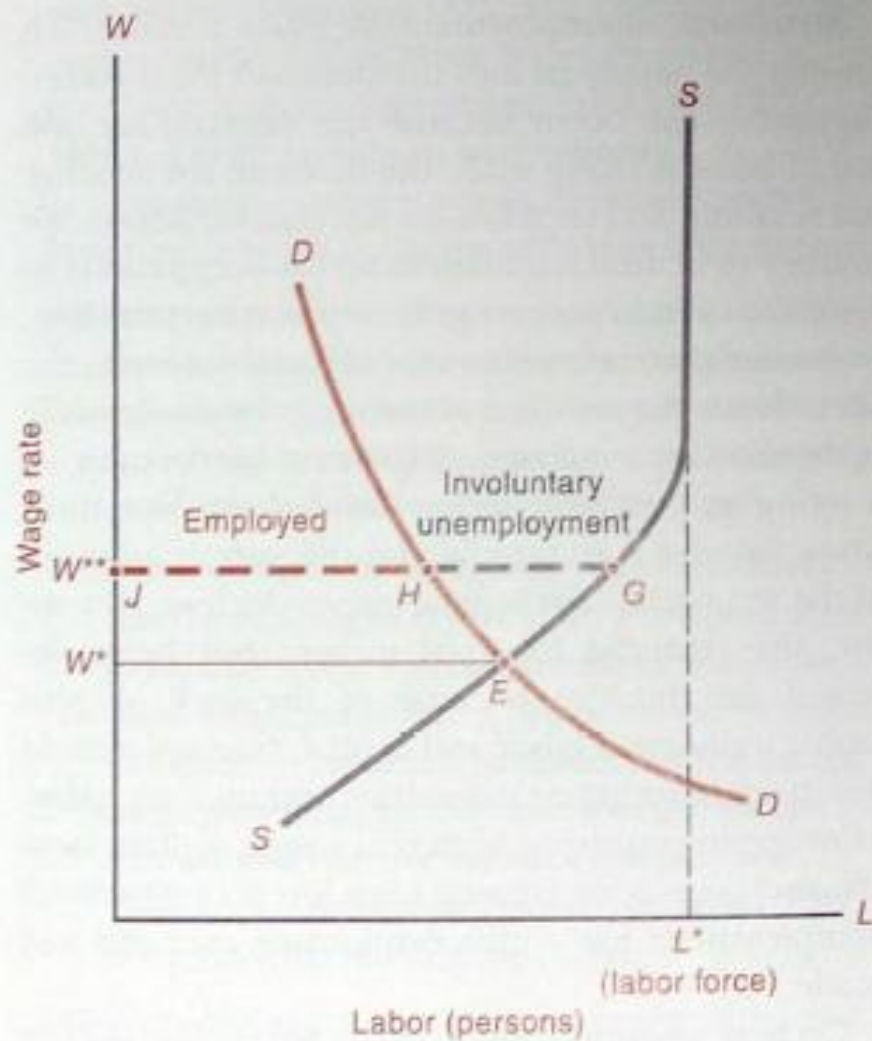
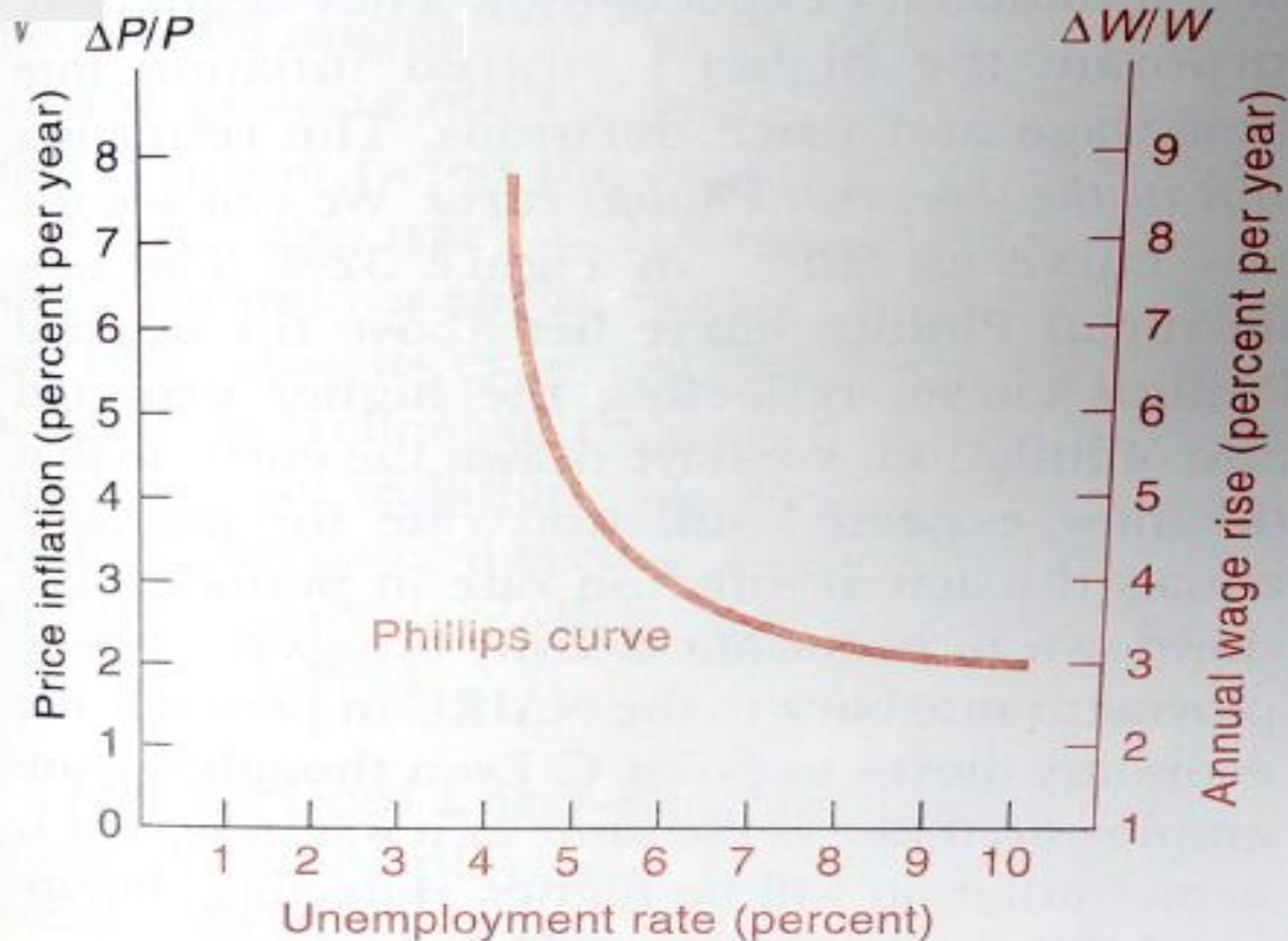
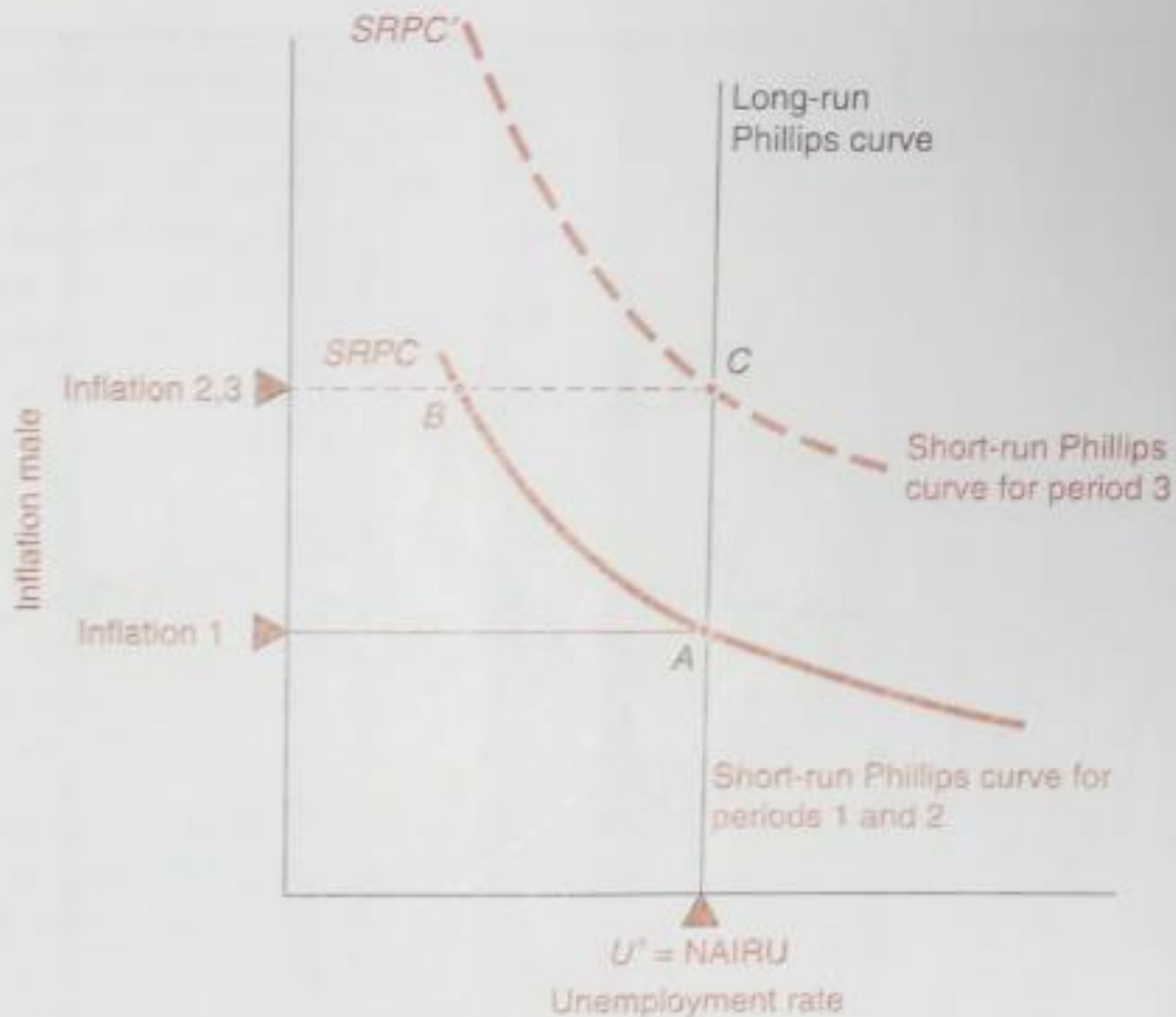


FIGURE 31-6. Inflexible Wages Can Lead to Involuntary Unemployment

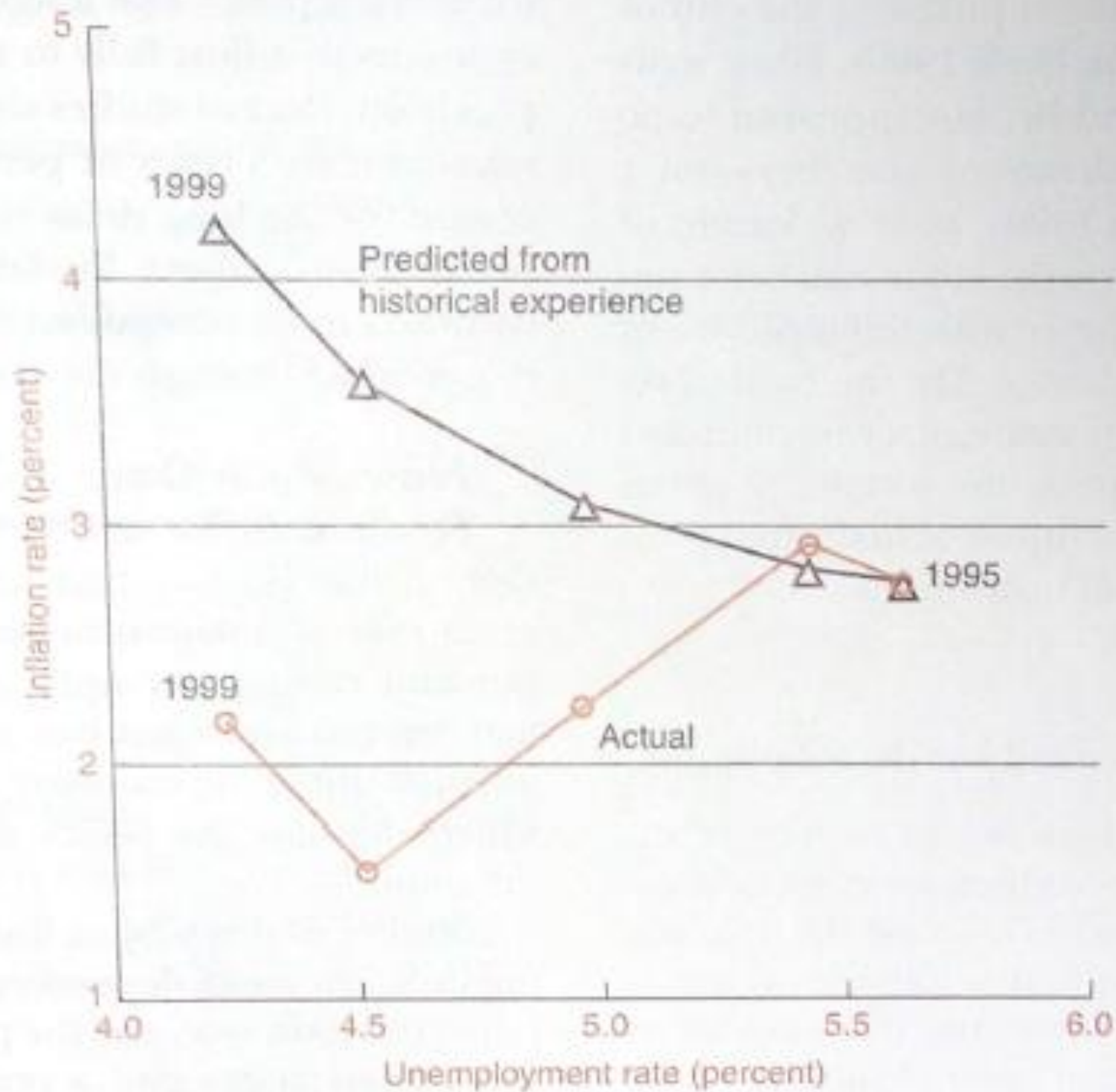


**FIGURE 32-8. The Short-Run Phillips Curve Depicts the Tradeoff between Inflation and Unemployment**

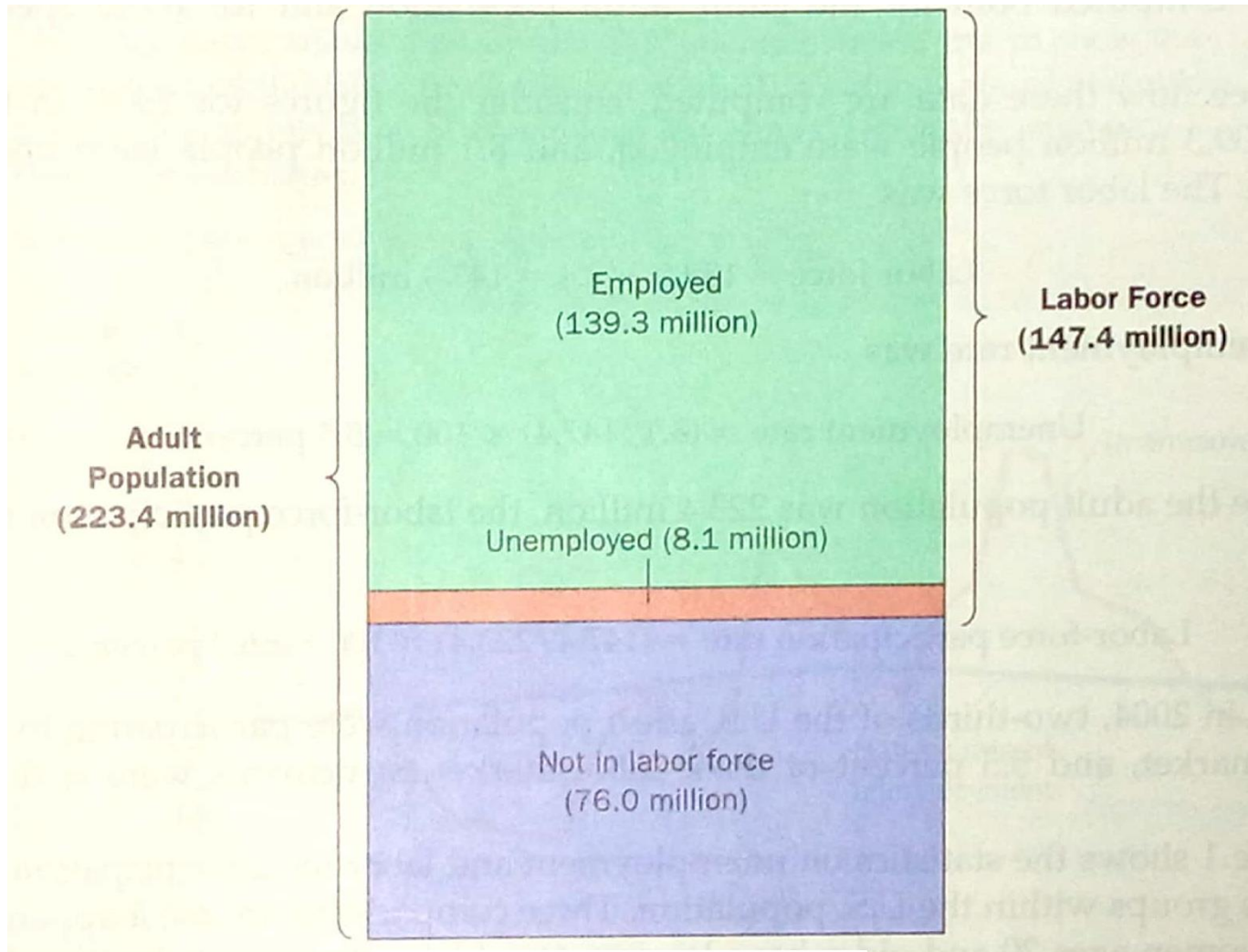




**FIGURE 32-9. The Shifting Phillips Curve**



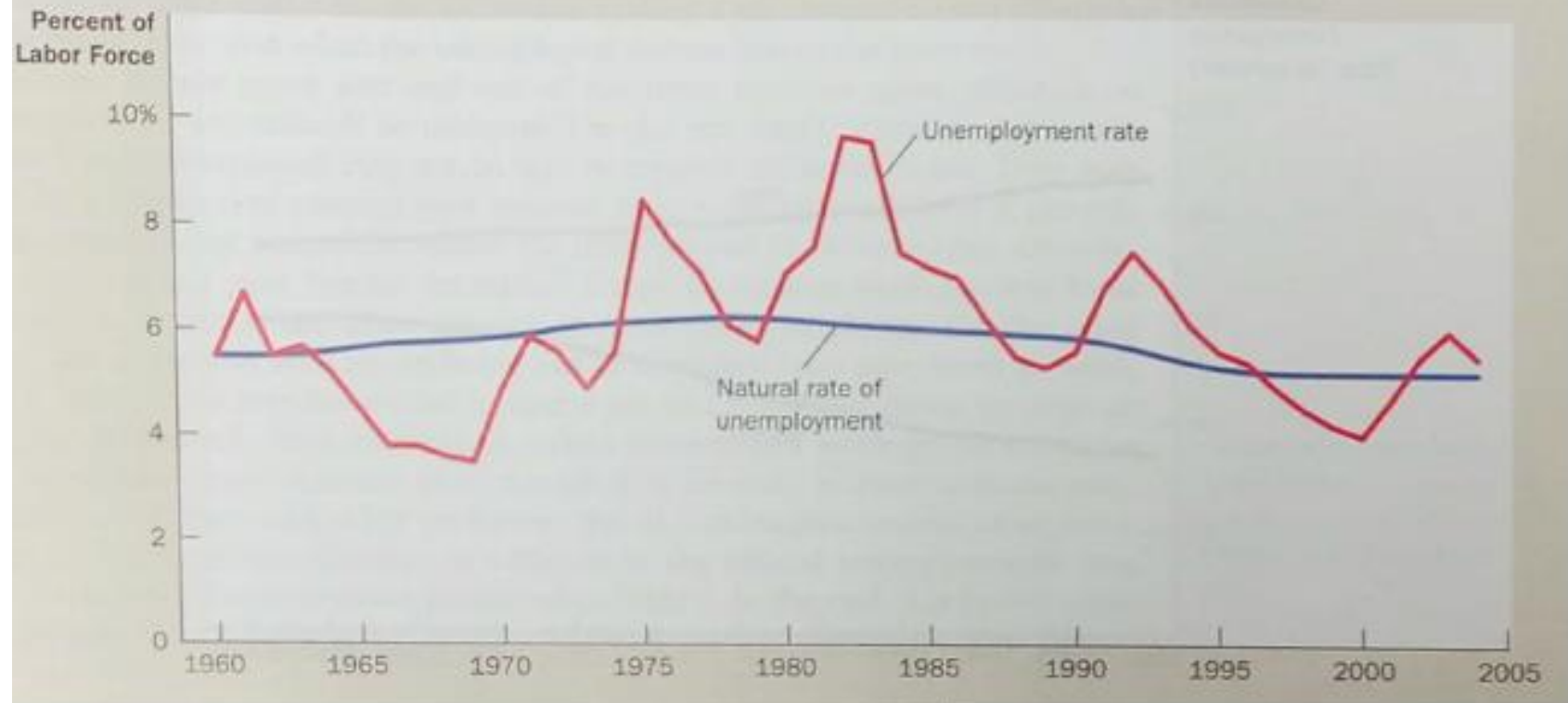
**FIGURE 32-11. Actual and Predicted Inflation, 1995–1999**



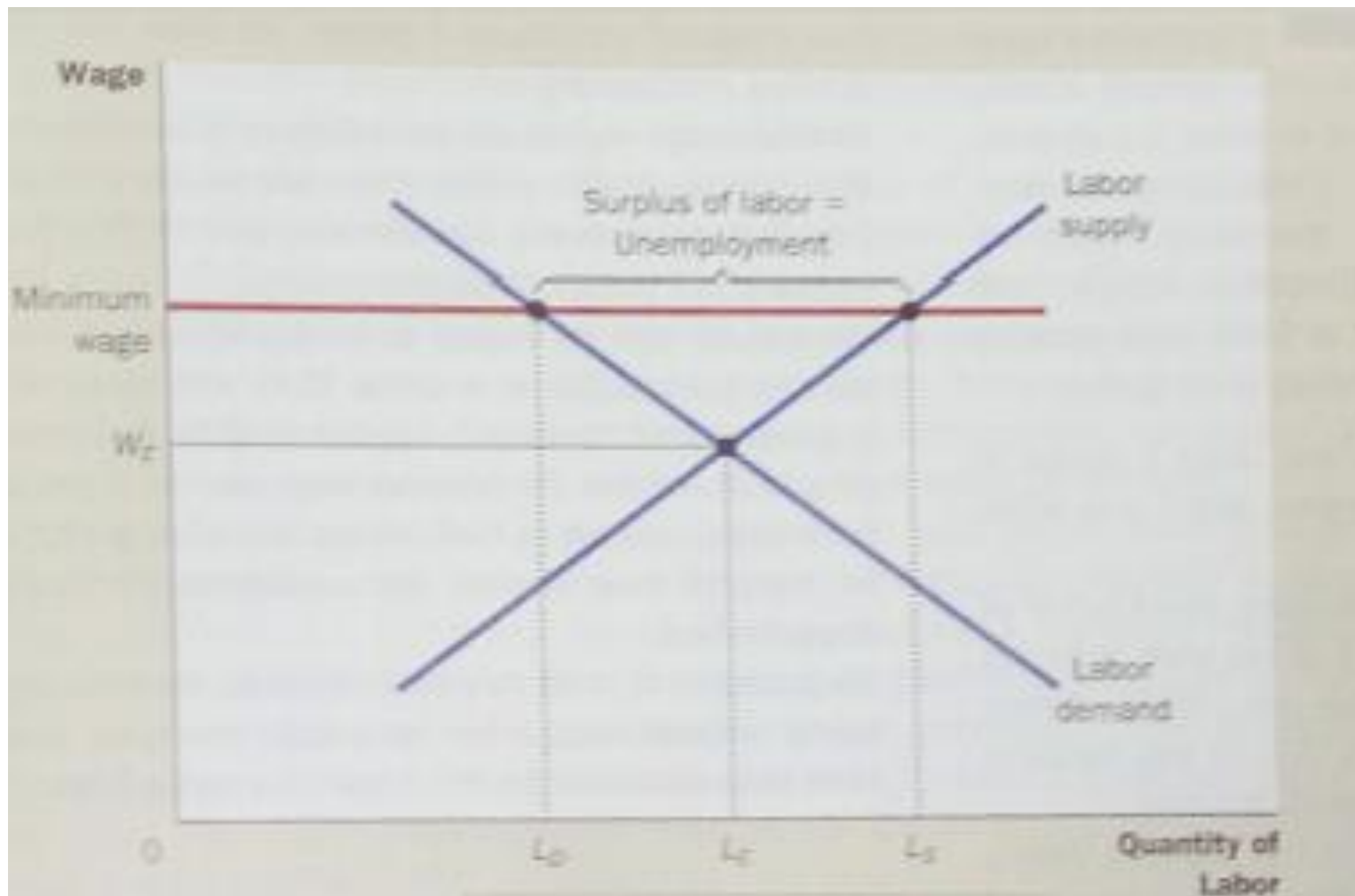
**The Breakdown of the Population in 2004**

This graph uses annual data on the U.S. unemployment rate to show the percentage of the labor force without a job. The natural rate of unemployment is the normal level of unemployment around which the unemployment rate fluctuates.

Source: U.S. Department of Labor, Congressional Budget Office.



**Unemployment Rate since 1960**



Unemployment from a Wage above the Equilibrium Level

**Table 1: Unemployment Percentage among 25-64 Year Olds by Educational Attainments  
(2011) Across Countries.**

<b>Name of Country</b>	<b>Pre- primary and primary education</b>	<b>Lower secondary education</b>	<b>Upper secondary education (ISCED 3A)</b>	<b>Post- secondary non- tertiary education</b>	<b>Tertiary education – Type A and advanced research programmes</b>	<b>All levels of education</b>
<b>Developed Economies</b>						
Australia	8.2	5.3	4.1	4.3	2.7	3.8
Austria		7.6	4.4	2.3	2.9	3.5
Belgium	15.0	10.5	5.7	3.5r	4.0	6.1
Canada	14.6	10.9	7.1	6.6	4.7	6.3
Czech Republic		21.4	4.2		2.6	5.9
Denmark		9.0	6.3		4.7	6.2
Estonia		25.5	11.8	9.4	7.3	11.6
Finland	10.0	11.9	7.0		4.1	6.2
France	14.1	12.4	6.9	6.7	5.3	7.8
Germany	17.8	12.9	7.4	3.9	2.6	5.7
Greece	16.6	17.9	16.4	19.6	11.4	16.0
Hungary	50.0	22.1	7.7	8.8	3.8	9.9
Iceland	7.8		7.6		4.9	5.6
Ireland	23.4	21.0	13.4	17.7	6.1	12.9

**Table 2: Unemployment Rates (per 1000) in India by Education Categories Over Time  
(Based on Usual Principal Status Category)**

Education Level	1983	1993-94	2004-05	2011-12
Not Literate	6	4	7	6
Literate & up to Primary	22	12	18	14
Middle	71	43	37	25
Secondary	114*	79	61	33
Higher Secondary	--	109	81	56
Diploma/ Certificate Course	--	--	133	97
Graduate & Above	110	110	100	84
Secondary & Above	113	96	82	58

**Note:** \*For 1983 data, there is no separate information for the higher secondary category. Secondary and higher sector is merged together.

**Source:** Author's estimation based on NSSO data (different rounds).

**Table-3: Unemployment Rates (per 1000) Across Different Educational Categories Over Time by Rural-Urban in India (Based on Usual Principal Status Category)**

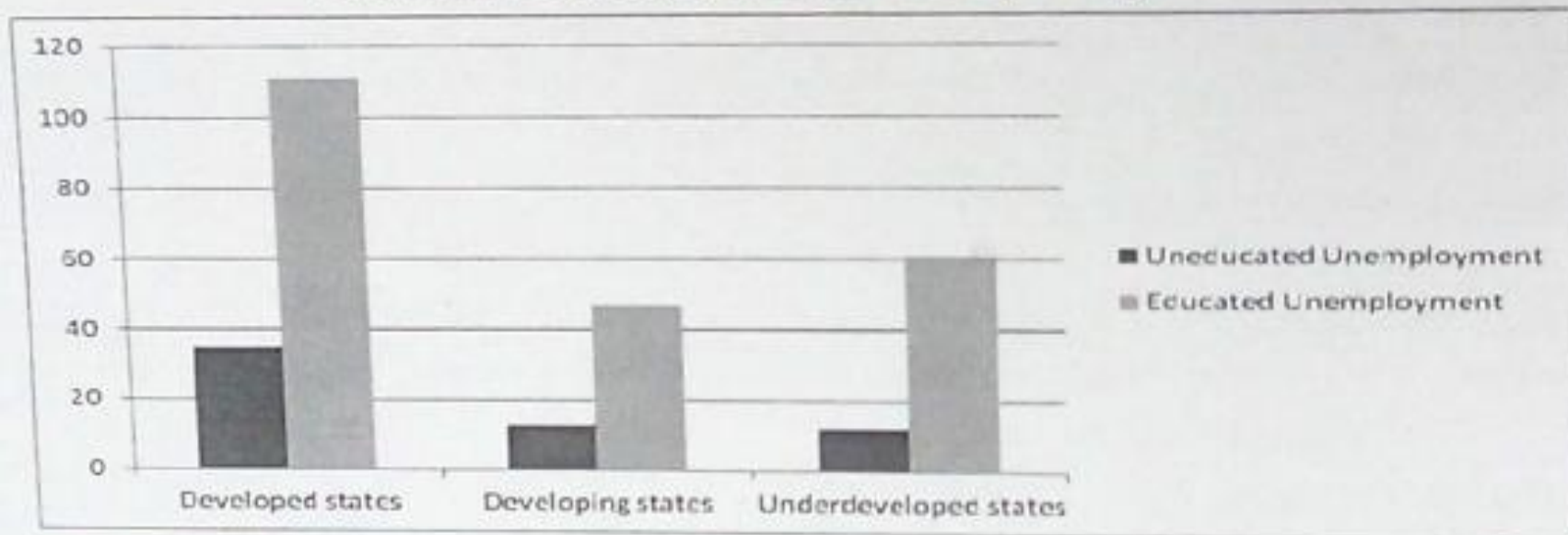
Education Level	1983		1993-94		2004-05		2011-12	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Not Literate	5	15	3	9	6	10	5	9
Literate & up to Primary	15	43	8	27	16	26	12	21
Middle	59	94	33	66	30	57	24	26
Secondary	123*	105	79	79	59	64	34	29
Higher Secondary	--	--	114	104	89	70	55	57
Diploma/ Certificate Course	--	--	--	--	154	116	126	70
Graduate & Above	150	94	152	89	117	90	108	71
Secondary & Above	128	101	103	89	84	80	59	56

**Note:** \*For 1983 data, there is no separate information for the higher secondary category. Secondary and higher sector is merged together.

**Source:** Same as table 2.

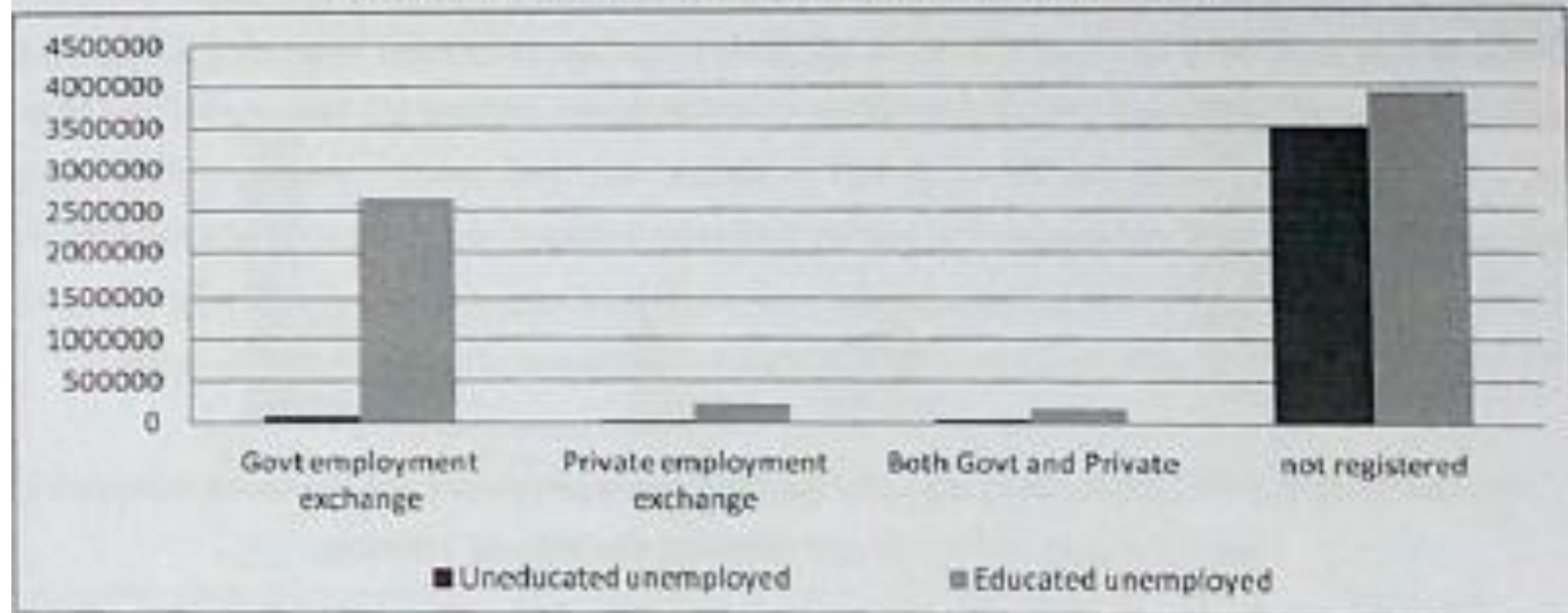


**Figure 1: A Comparative Picture of Educated and Uneducated Unemployment Across Developed, Developing and Underdeveloped Regions.**

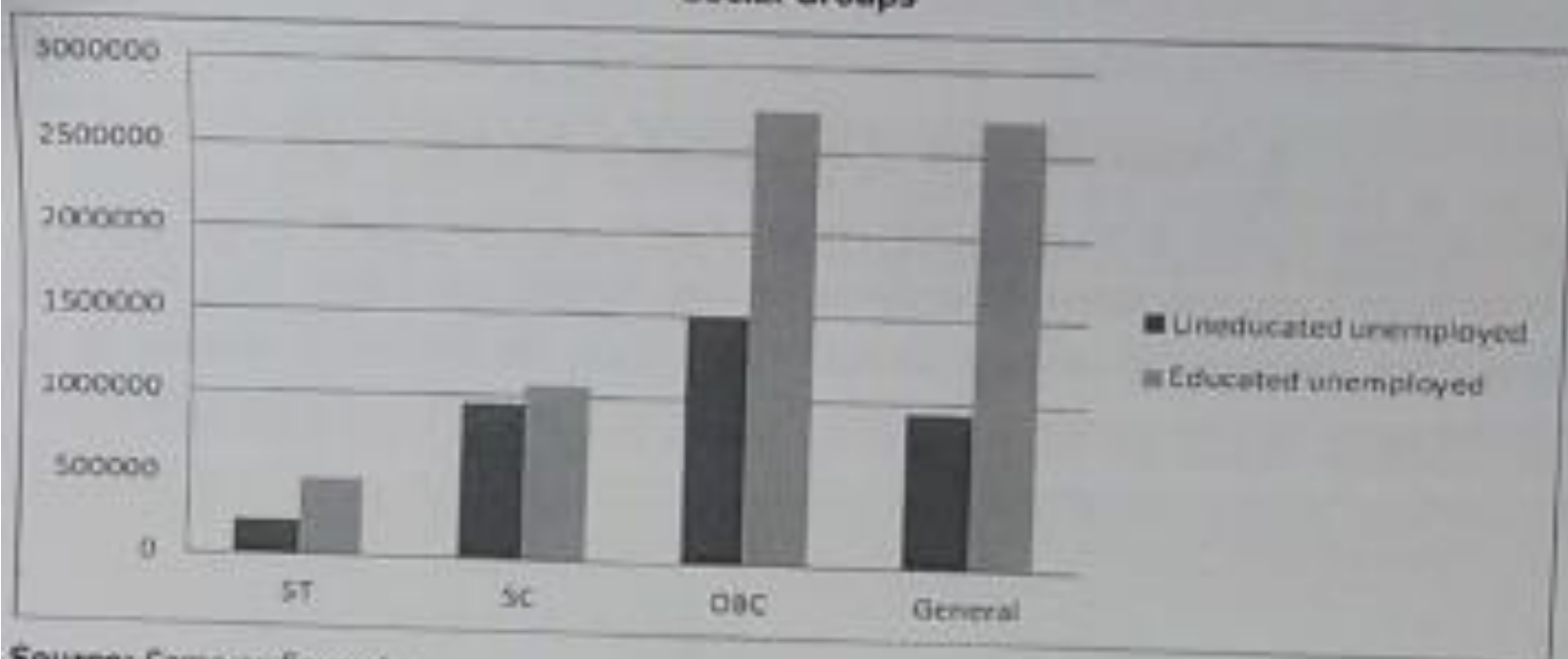


**Source:** Author's estimation based on NSSO unit level data for 2011-12.

**Figure 7: A Comparative Picture of Educated and Uneducated Unemployed Based on Registration with Different Employment Exchanges.**



**Figure 8: A Comparative Picture of Educated and Uneducated Unemployment by Different Social Groups**



Source: Same as figure 1.

Figure 9: A Comparative Picture of Educated and Uneducated Unemployment by Male and Female

