

Essay on the natural rate of unemployment

Countries, United States



Economics is a subject which has its recognition and importance in almost every walk of life. There are certain concepts which specifically come and counts under the ambit of economics and among them; the name of unemployment is one of them, one of the most dominating topics of macroeconomics (Hobson, p. 160). Both of the kinds of economics are extremely important to measure as it gives numerous things in total. Natural Rate of Unemployment means the rate which observed that how much people of a country are unemployed and it is an important economic indicator in order to assess the financial health of an economy. A country which has a high rate of natural unemployment called an economically depress country as the level of unemployment is high which leads to increase the crime rate of the country.

Among number of types of unemployment, the name of frictional unemployment is one of them, which means that a person is unemployed because he/she is unable to find the job of their expertise and interest. It is an important provision of the unemployment which describes with different names and faces and it is vital for an economy to maintain a smaller level of such types of unemployment as all of these types effected an economy drastically.

Structural unemployment is a type of unemployment which increased during the structural base change in an economy. When an economy is running its life cycle, then such type of unemployment found after the peak of employment in a country. In the recent financial crisis, most of the unemployment was due to the structural which change has been envisaged due to the depleting situation of the economy as a whole. United States (US)

is not the only country in which the rate of unemployment increased during the current global financial crisis (GFC), but almost every country of the world faced the same situation.

The first reason behind by the author in the document is all about a mismatch between the characteristics of the job openings with the characteristics of unemployment. It is one of the most common reasons of unemployment in which it will become unable to find the relevant person for a specific job. Changes in the mind may affect on American's economy to mitigate the level of structural and frictional unemployment. Analysis reveals that the economy of the United States has had encountered number of financial crisis from which their level of unemployment had increased heavily which increased different level of pressures on the economy. Both structural level and friction level organization is found in the economy of the US.

Extension in the unemployment insurance benefits are one of the main reasons behind a rapid increase among the natural rate of unemployment herein the United States (US) during the current economic crisis of 2008-2010. United States and some of the European based countries are the one in which the essence of insurance benefits is high. This particular extension will certainly underpin the unemployed personnel to move their legs and arms to see new jobs rather than relying only on the government's bail out plans and insurance benefits. The current unemployment rate of the United States is 7.3, which has been recorded at the end of the fiscal year 2013 (US Unemployment, 2013).

Third reason of natural rate of unemployment is the stance of the companies to increase their productivity without increasing their workforce, hence a

person should be doing the work of two people, which certainly led to decrease the level of frictional and structural base unemployment rate but will increase the rate of unemployment for new and fresh individuals

As conclusion, it could be said that the rate of unemployment of the United States had increased heavily and outrageously during the fiscal year 2008 to 2013, merely because of the intensity of the current economic crisis which is certainly a sort of discrimination for the country.

Works Cited

Hobson, J. A. *The Economics of Unemployment*. New York: Routledge, 2013.

US Unemployment (2013), [Online], retrieved from < [http://www.](http://www.tradingeconomics.com/united-states/unemployment-rate)

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