



High Unemployment



But what is...?

Frictional unemployment arises when people move between jobs, careers or locations. There is always some level of frictional unemployment.

Structural unemployment is when workers have the wrong skills for the needs of the economy. There can be many reasons why workers may be unwilling or unable to acquire new skills.

Cyclical unemployment is unemployment due to a recession, as consumers and firms cut back on spending (inadequate demand).

Labor mobility means the ease with which workers can move either geographically or from one occupation to another.

Europe 2020 is the EU's growth and jobs strategy for the coming decade.

Questions? Use the Euro Challenge Forum!

For decades, Europe has had much higher unemployment than the US, but the difference did narrow in the years before the crisis. As a result of the crisis, unemployment has risen sharply in some euro area countries. In others, governments have adopted policies to mitigate the impact of the crisis on employment, such as subsidizing short-term working.

- ① What exactly does the **unemployment rate** measure? What is the difference between the unemployment rate and the employment rate? What are those rates in your chosen country?
- ② Did the unemployment rate rise in your chosen country by more than it did in the euro area as a whole? If so, why?
- ③ What are there different **types of unemployment**? Which type of unemployment is more important in your chosen country?
- ④ Is the **unemployment rate** higher for certain **groups** in your chosen country? What policies can help to address this problem?
- ⑤ Do generous **unemployment benefits** and high **labor taxes** have an impact on the incentive to look for a job in your chosen country? What can be done about this?
- ⑥ Is **labor mobility** high or low in your chosen country? What can be done to raise geographical and occupational mobility?
- ⑦ Do **workforce skills** and **educational attainment** correspond with the needs of businesses in your chosen country? If not, what can be done about this?
- ⑧ Why is **labor market flexibility** important? Why might restrictions on companies' ability to fire workers lead to higher **unemployment**?
- ⑨ Why is the **Europe 2020 strategy** important in raising **employment rates** in the EU? What does your chosen country plan to do under Europe 2020?
- ⑩ Is there anything the **ECB** can do to lower **unemployment** in the long term?

