



CENTRAL
to
AMERICA'S
ECONOMY™

An Introduction to Unemployment

Christopher J. Neely
Assistant Vice President,
Federal Reserve Bank of St.
Louis

June 16, 2010



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Disclaimer: The views expressed are those of the author and do not necessarily reflect those of the Federal Reserve Bank of St. Louis or the Federal Reserve System. Really.

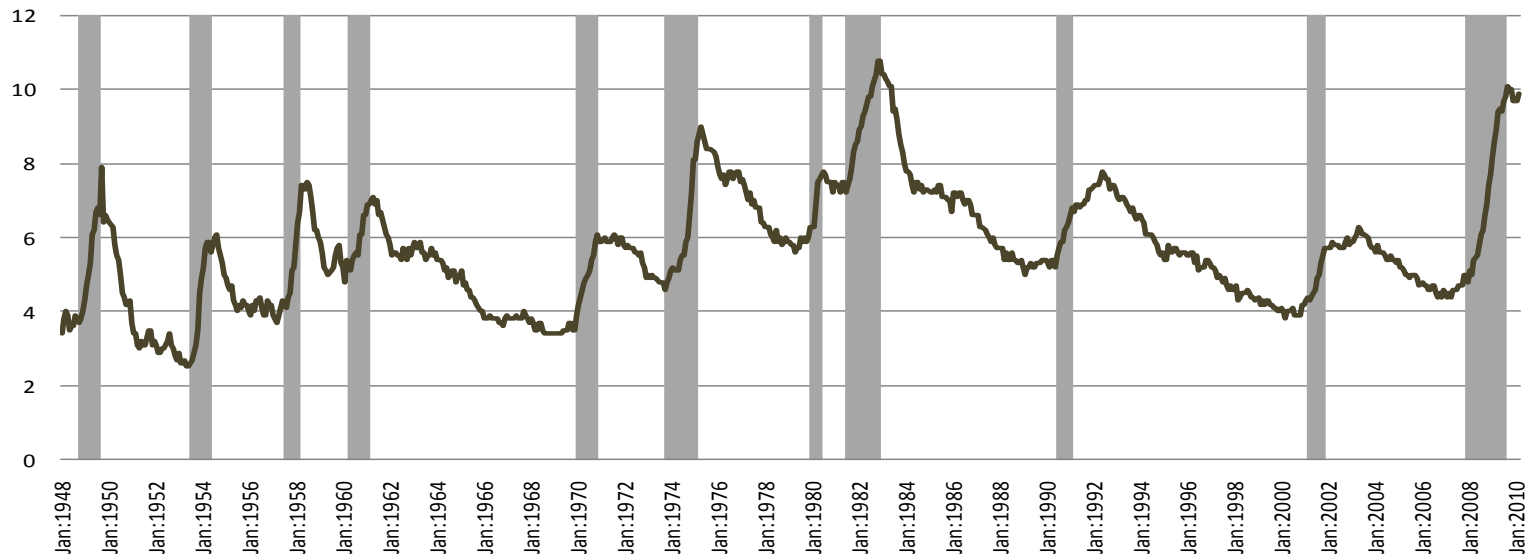
Outline

- Definition
- Types of Unemployment
- Unemployment Behavior
- Causes of Unemployment
- Unemployment Facts
- Measures of Unemployment
- Web Resources

Definition: Unemployment Rate

- The unemployment rate is the percentage of the labor force that is unemployed.

**Civilian Unemployment Rate: 16 yr+, Seasonally Adjusted, With
Recession Shading**



Source: BLS

Definition: Unemployment Rate

- Who is included in the labor force?
 - Employed
 - Those actively in search of employment
- Who is excluded from the labor force?
 - People who are not actively seeking civilian employment.
 - Discouraged workers
 - Stay-at-home parents
 - Retirees, students, military, incarcerated

Types of Unemployment

- Frictional
- Structural
- Cyclical

Types of Unemployment: Frictional

- Need time to match jobs with workers.
 - Must match skill, hours, pay, location, attitude, preferences, etc.
- Failing to match well has long-term costs.
 - Do we want physicists flipping burgers or leading tours at museums?
Or do we want short-order cooks teaching physics?
- Matching frictions produce a persistent source of unemployment.
 - Examples: recent graduates searching for their first job, stay-at-home parents reentering the labor force, individuals fired for poor performance, individuals laid off by down-sizing firms

Types of Unemployment: Structural

- Workers have specific skill sets and geographic location that are costly to change.
- Needs for workers of a given skill changes over time because of shifting technology and preferences.
- Wage rigidity plays a role.
 - If wages were very flexible, there would be higher demand for workers with “declining” skill sets.
- Examples: Workers from declining industries such as steel.

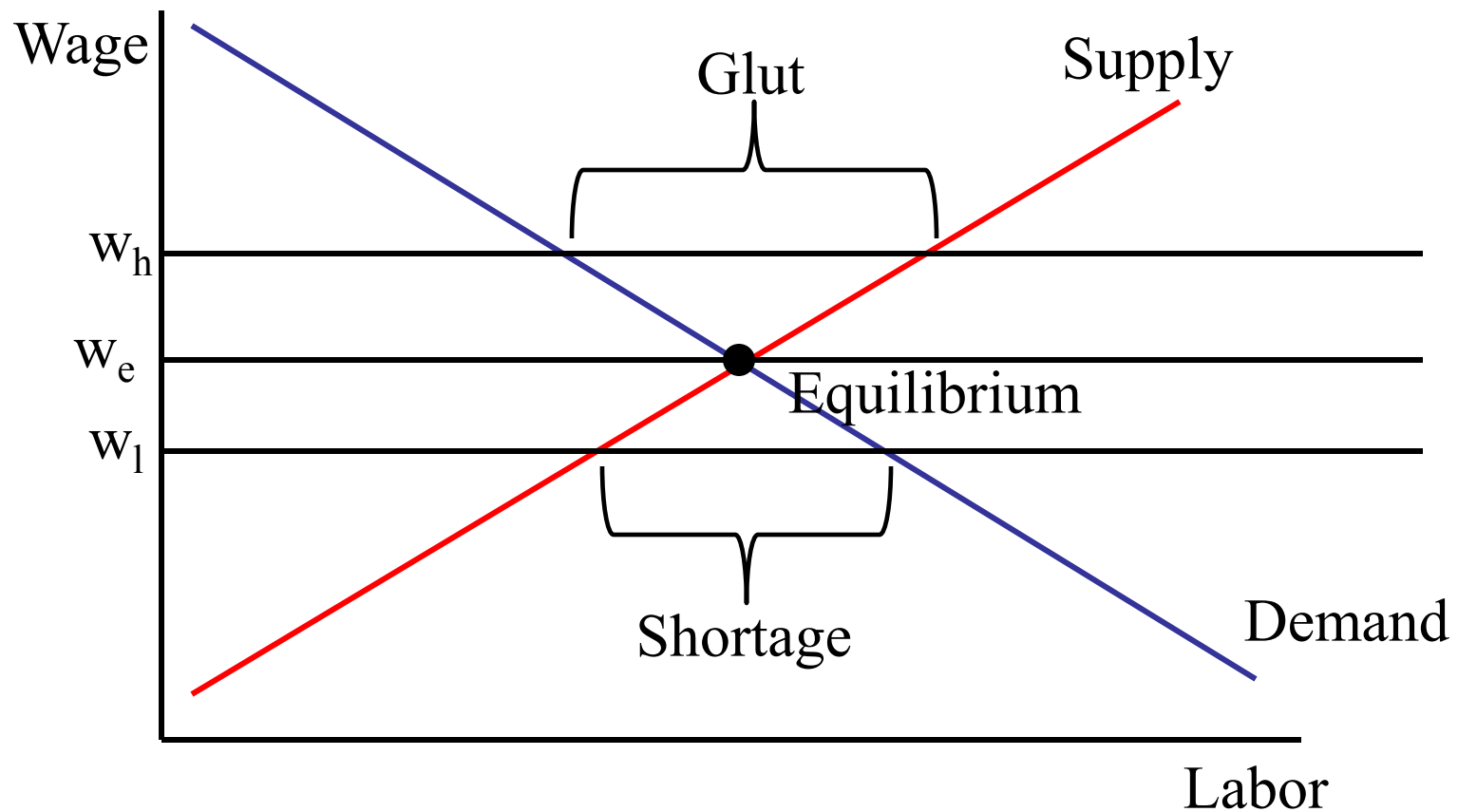
Types of Unemployment: Structural

- Who bears the cost to retrain older workers?
 - The worker? Might not be worth the benefit or the worker might be capital constrained.
 - The new firm? Another firm might poach the worker if the skills are commonly needed.
 - The government?

Types of Unemployment: Cyclical

- Unemployment resulting from a temporary low demand for output.
 - Occurs during a downturn in the business cycle
 - Wages fail to adjust to reflect diminished demand
 - Cyclical unemployment rises during a recession and falls during recovery
- Example: Unemployment due to the recent financial crisis and corresponding recession.

How do Prices and Quantities Adjust in a Competitive Market?



Why is there Unemployment?

- Matching Frictions
 - Imperfect information, search costs
 - Geographic Frictions
- Wage Rigidity
 - Labor Market Frictions
 - Minimum-wage laws
 - Labor unions
 - Efficiency wages

Why is there Unemployment: Matching Frictions

- Imperfect Information
 - Workers have different preferences and abilities
 - Jobs require different skills and attributes
- Sequential searching is expensive and time consuming
- Geographical immobility
 - Moving involves fixed costs
- Source of frictional unemployment

Why is there Unemployment: Wage Rigidity

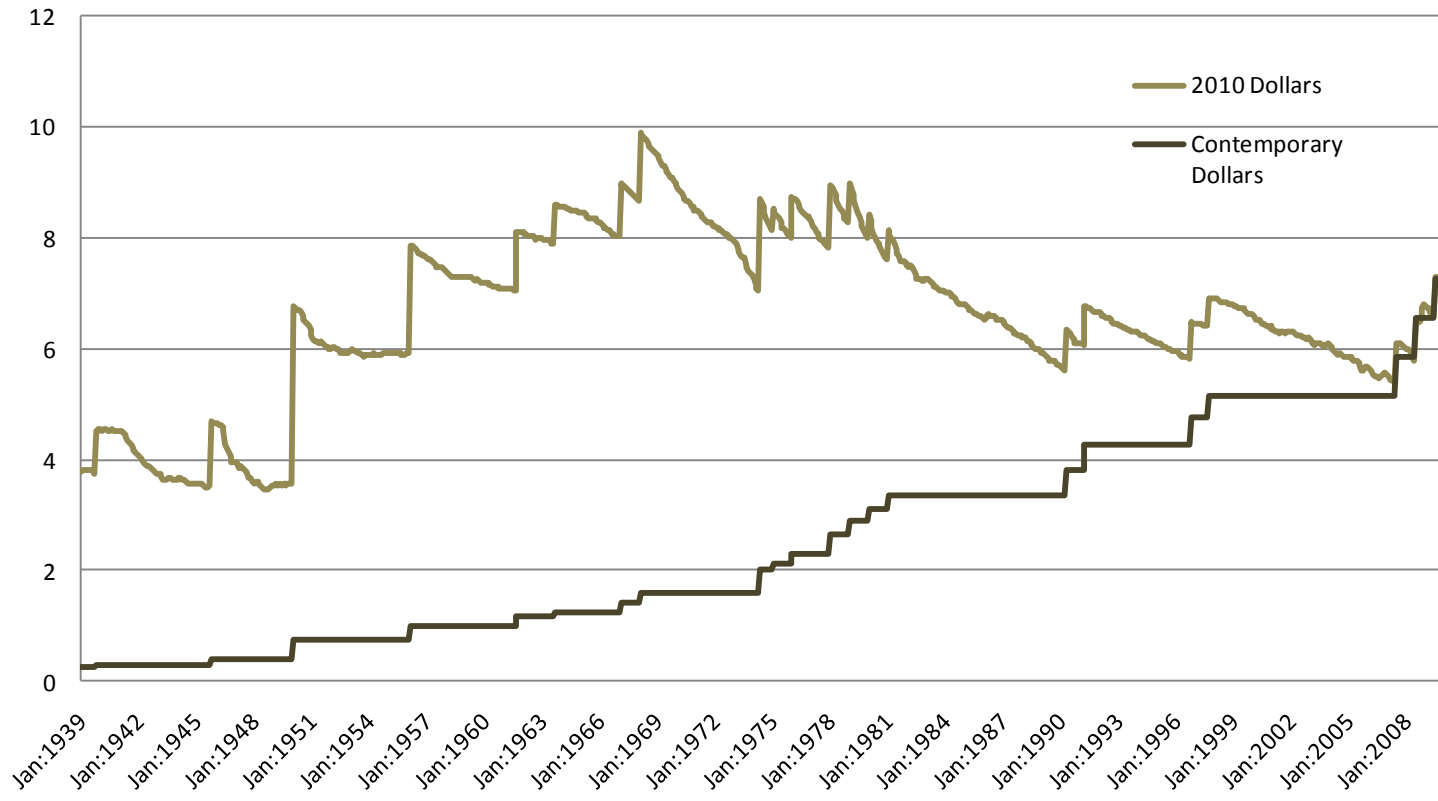
- Wages rarely decrease in nominal terms, even when the Q supplied of labor exceeds the Q demanded of labor.
- Source of structural and cyclical unemployment

Wage Rigidity: Labor Market Frictions

- What are market frictions?
 - Laws or institutional features that prevent prices from adjusting quickly to shortages or gluts.
 - Examples: minimum wage laws, labor unions, guilds, cartels, monopsonies (lone buyer of a product).

Labor Market Frictions: Minimum-wage laws

Federal Minimum Hourly Wage



Sources: DOL,
BLS and author's
calculations

Labor Market Frictions: Minimum-wage laws

- The Federal minimum wage affects mostly unskilled and inexperienced workers.
 - Largest impact is on teenagers
- Intended to raise the living standards of the working poor
 - Targeted imprecisely? One third of recipients are teenagers.
 - Earned income tax credits (EITC) also increase effective wage without burdening employers
 - Economists are more likely to favor a greater EITC.

Labor Market Frictions: Labor Unions

- Unions act as cartels, restricting supply to obtain a higher price.
 - Other non-union organizations pursue similar strategies: e.g, the AMA and OPEC.
- Unions are naturally concerned with the welfare of their present members, not the unemployed or non-members.
 - “Insiders” and “Outsiders” have conflicting interests.
 - Unions’ bargaining power transfers \$ from others to their members.
- This is not a criticism of unions, just a recognition that people and organizations act in their own interest.

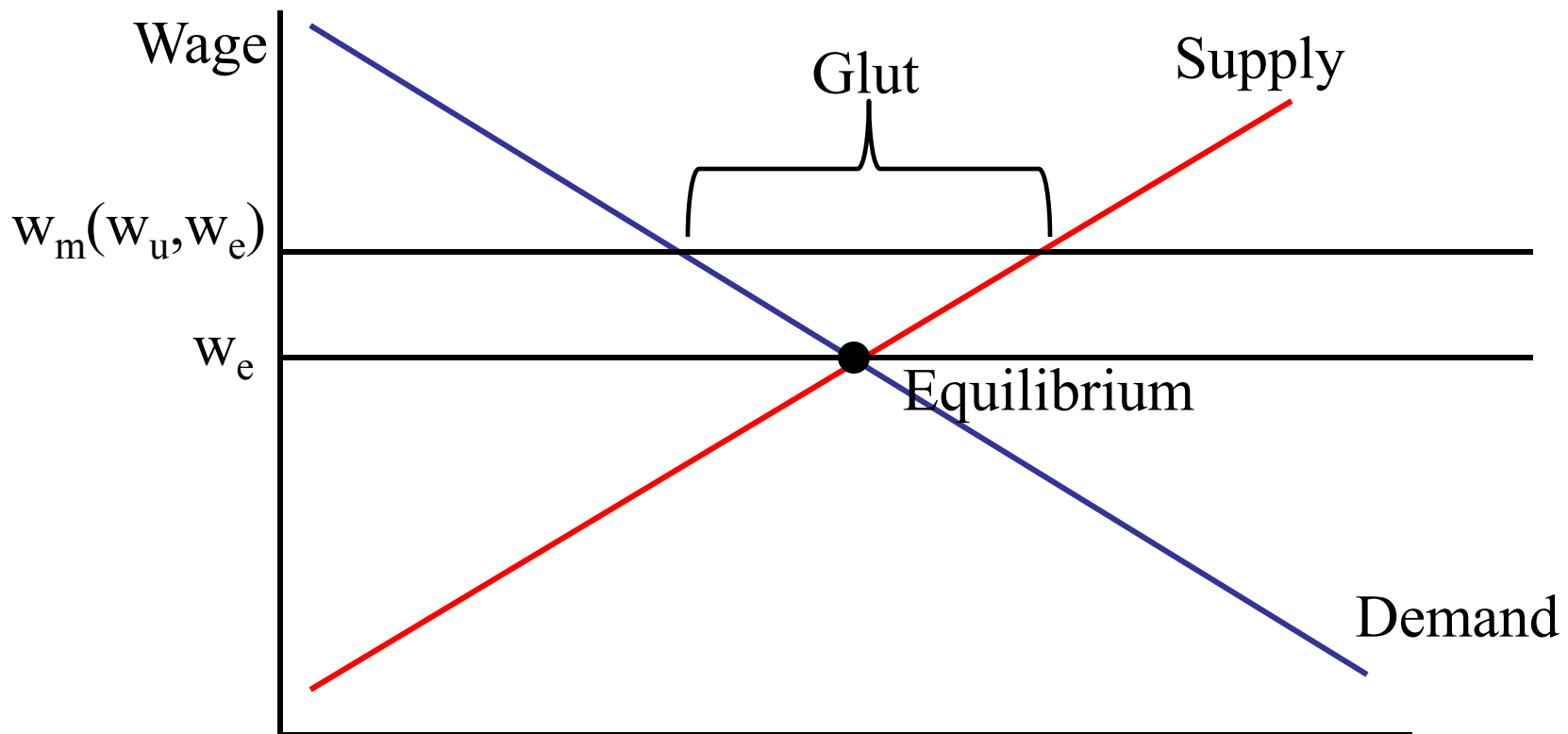
Labor Market Frictions: Labor Unions

- Unions play a relatively small role in the U.S. labor market compared to other countries:
 - Only 16% of the U.S. labor force is unionized
- Potential unionization tends to increase wages beyond a market clearing price even in non-union industries or regions.
- The Davis-Bacon Act of 1931 requires that the government pay “prevailing”—i.e., union—wages on public works projects.
 - This raises the cost of public works.
 - The law is controversial for several reasons that I will not go into.

Wage Rigidity: Efficiency Wages

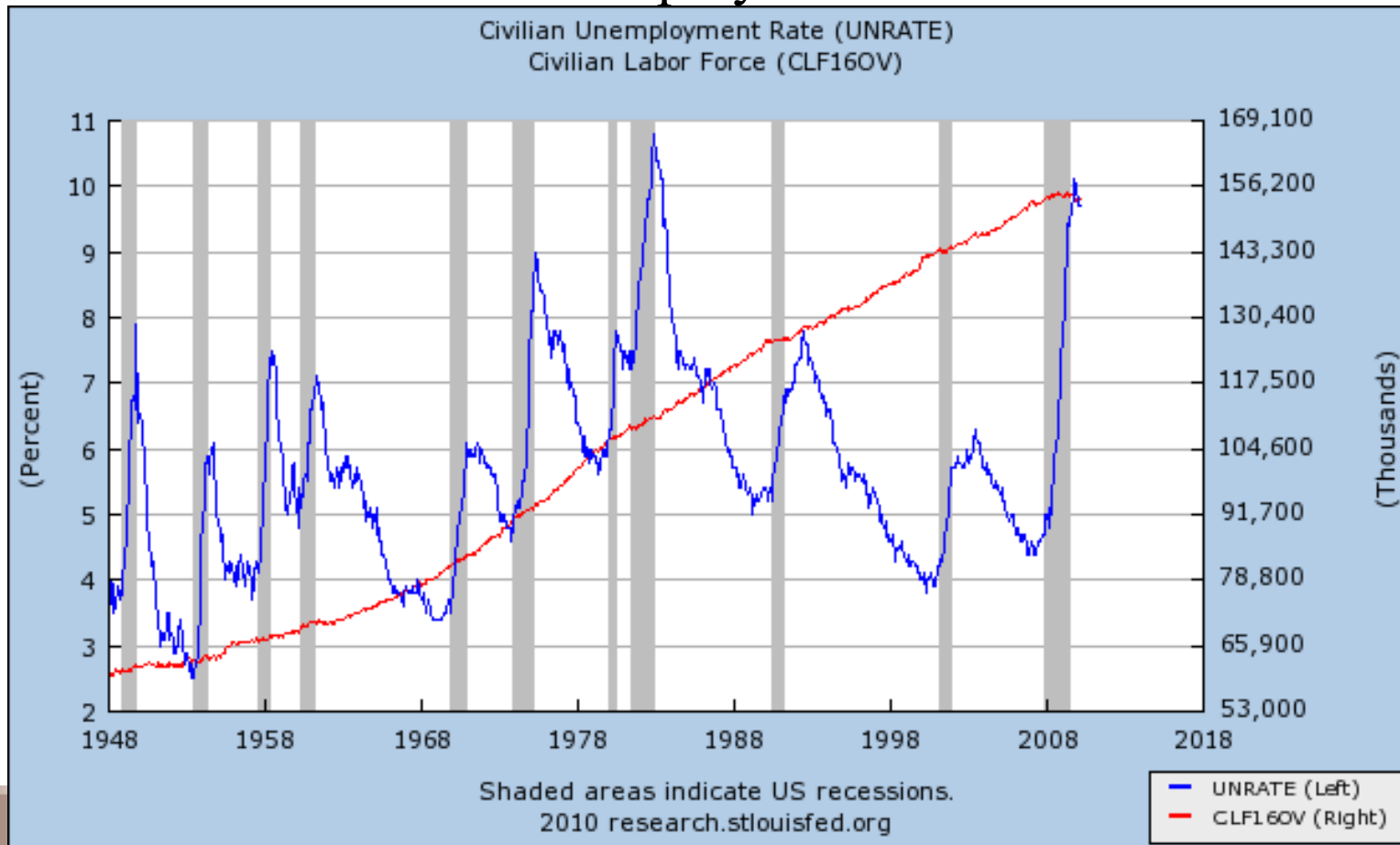
- Do high wages lead to high productivity?
 - Reduce labor turnover
 - Decreases expenditures on hiring and training
 - Adverse selection
 - Best employees seek highest paying jobs, employees accepting low wages have few alternatives
 - Moral hazard
 - Employers cannot perfectly monitor employees' effort, higher wages deter shirking by increasing cost of getting caught
 - Promote better nutrition and health
 - Of greater relevance to developing countries

Why is there Unemployment: Wage Rigidity



What does not cause unemployment? A gradual rise in labor supply

The U.S. unemployment rate 1948-2010.



Source:
FRED

Unemployment Facts

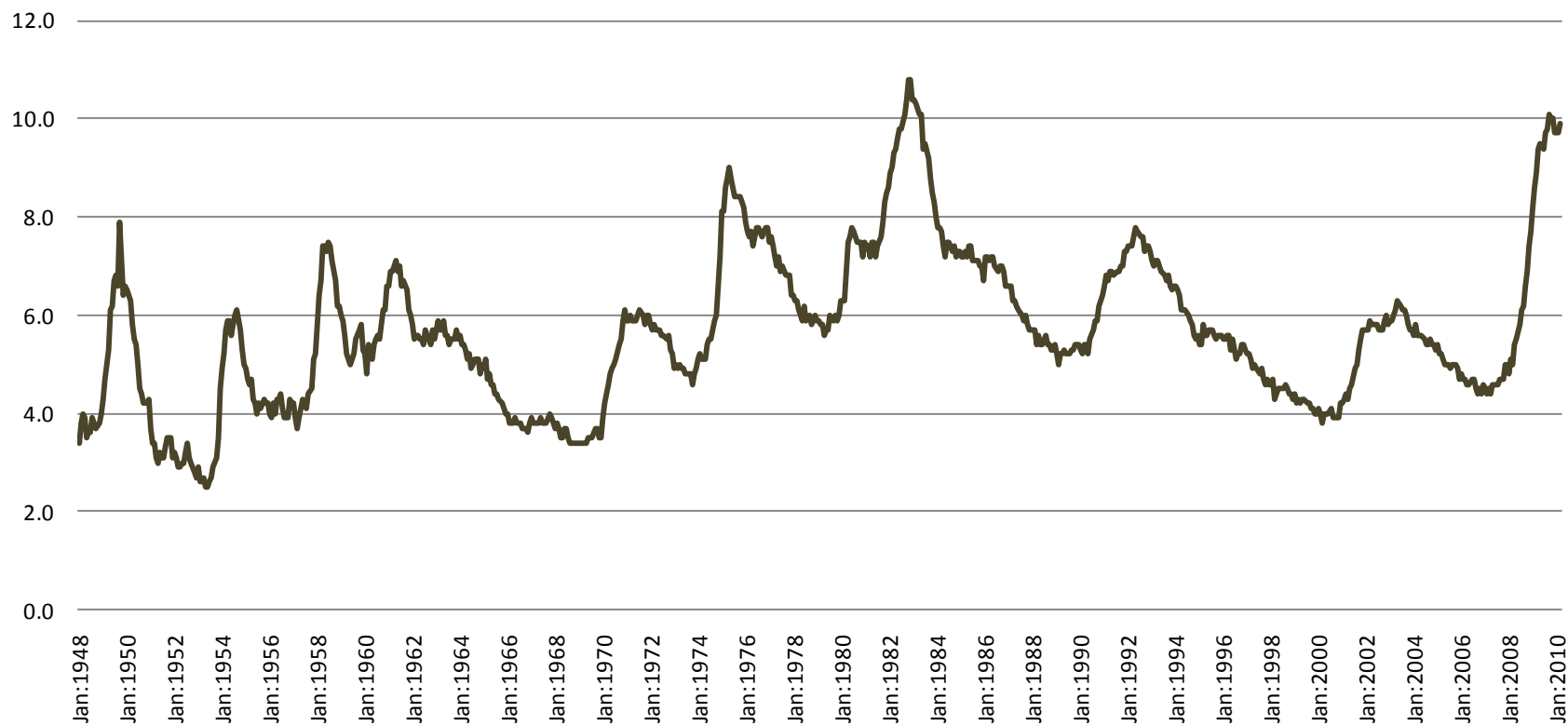
- Historical Behavior of Unemployment
 - Cyclical Trends
 - Business Cycle
 - Seasonal
 - Long-term Trends
 - Theories
- Duration of Unemployment
- Variations Across Demographic Groups
- International Comparison

Unemployment Facts

- Unemployment varies over time but the average level of unemployment hasn't changed too much since WWII.
- The average level of unemployment might be a percentage point higher now than then.

Unemployment Facts: Historical Behavior of Unemployment

Civilian Unemployment Rate: 16 yr+, Seasonally Adjusted



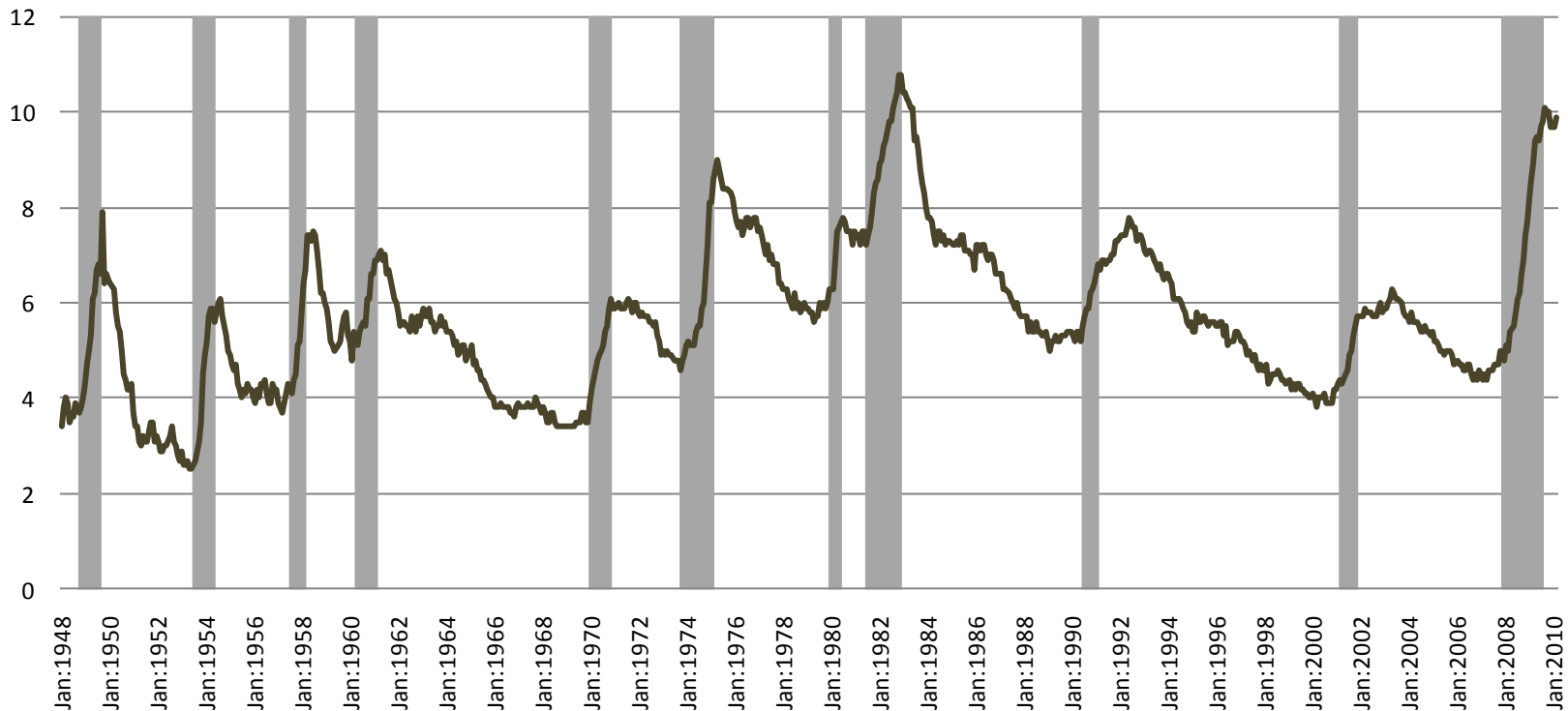
Source: BLS

Unemployment Facts

- Unemployment varies with the business cycle.
- It rises throughout recessions, peaking near the business cycle troughs (the end of recessions).
- Unemployment is a lagging indicator.

Unemployment Facts: Business Cycle

**Civilian Unemployment Rate: 16 yr+, Seasonally Adjusted, With
Recession Shading**



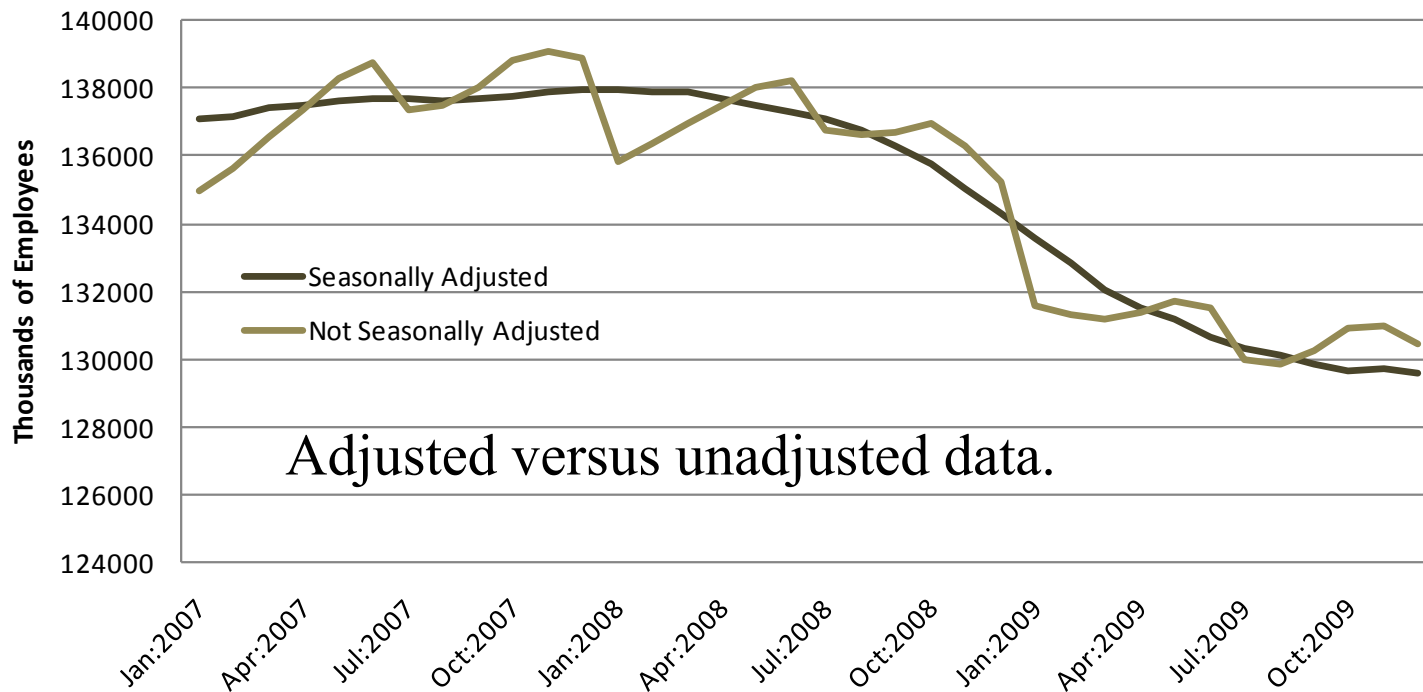
Source: BLS

Unemployment Facts: Seasonal Patterns

- Demand for labor follows seasonal patterns because of weather, Christmas, school year, etc.
 - You can't build houses in 2 feet of snow. (Or at least it would be very expensive.)
 - Examples: Accountants in April, lifeguards in the summer, retail help in December.
- How big are seasonal patterns?
 - Very big. Bigger than typical business cycle patterns.
- Why look at seasonally adjusted data?
 - Seasonally adjusted data allows one to see trends more easily.

Unemployment Facts: Seasonal Patterns

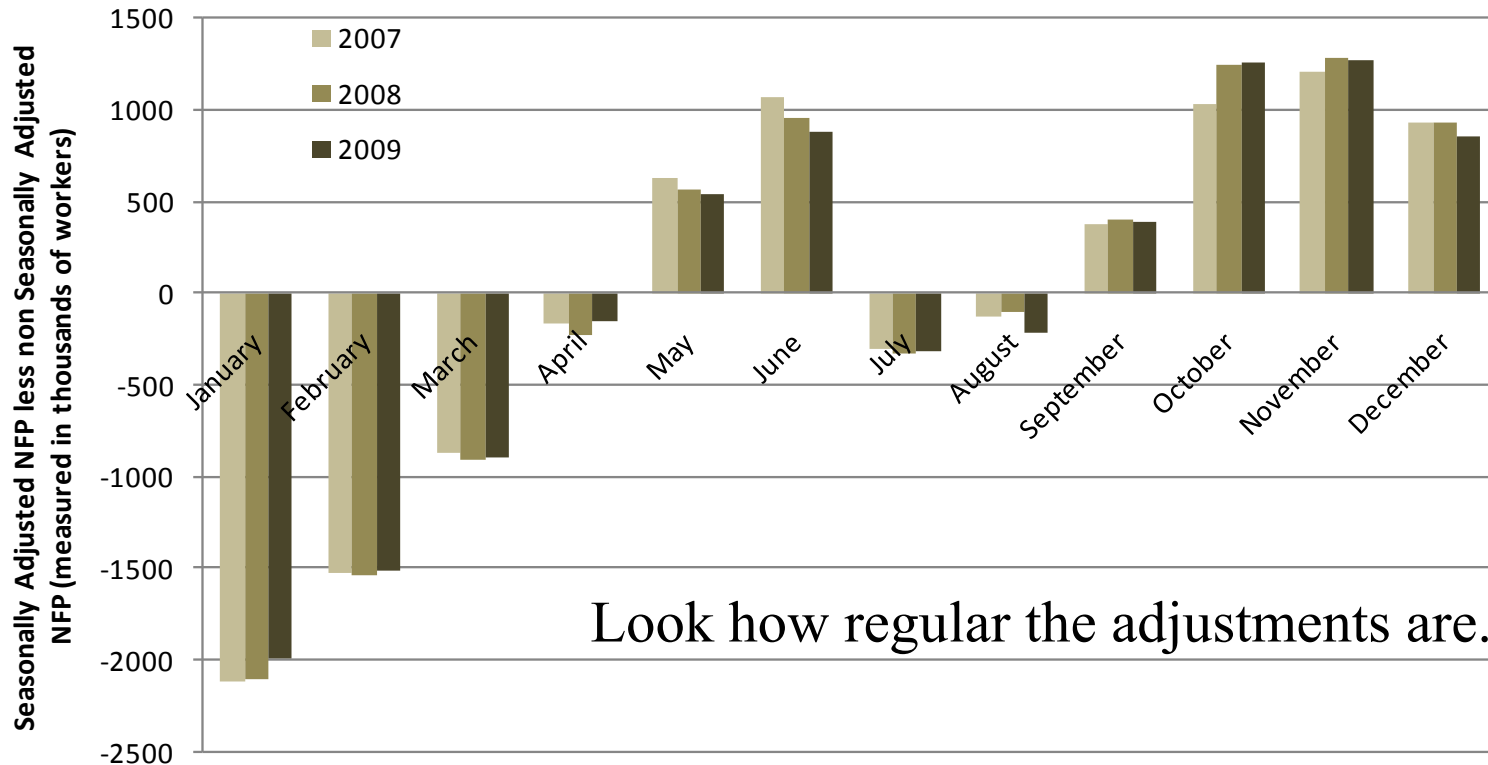
**Total U.S. Nonfarm Payrolls:
January 2007-December 2009**



Source: BLS

Unemployment Facts: Seasonal Patterns

Seasonal Deviations from Trend



Look how regular the adjustments are.

Source: BLS

Unemployment Facts: Long-term Trends

- The natural rate of unemployment varies over time.
Unemployment:
 - Averaged under 5% in the 1950s and 1960s
 - Fluctuated around 6% in the 1970s and 1980s
 - Returned to around 5% in the 1990s
 - Trended upward recently in the 2000s
- Economists have attempted to explain these trends with various hypothesis

Long-term Trends: Theories

- Demographics
 - The average rate of unemployment varies by age. The size of the baby-boom generation, for example, affects the average rate as the boomers age.
- Sectoral Shifts
 - Oil price volatility in the 1970s reallocated labor away from energy-intensive sectors.
- Productivity
 - Productivity is the efficiency with which the economy turns inputs—land, capital and labor—into output.
 - Productivity growth slowed in the 1970s and 1980s but rose again in the 1990s.

Unemployment Facts: Duration of Unemployment

- The cause of unemployment influences its duration and the proper policy response.
 - Most unemployment spells are short
 - Indicative of frictional unemployment
 - Most unemployment weeks are part of long-term spells.
- How can this be so?

Unemployment Facts: Duration of Unemployment

- Consider 10 people who experience unemployment in a given year
 - 8 are unemployed for 1 month
 - 2 are unemployed for 12 months
- 80% of unemployment ends in 1 month
- 75% of the months of unemployment (24/32) are experienced by the long term unemployed.
- The average length of a spell is 3.2 months.
- The median length of a spell is 1 month.

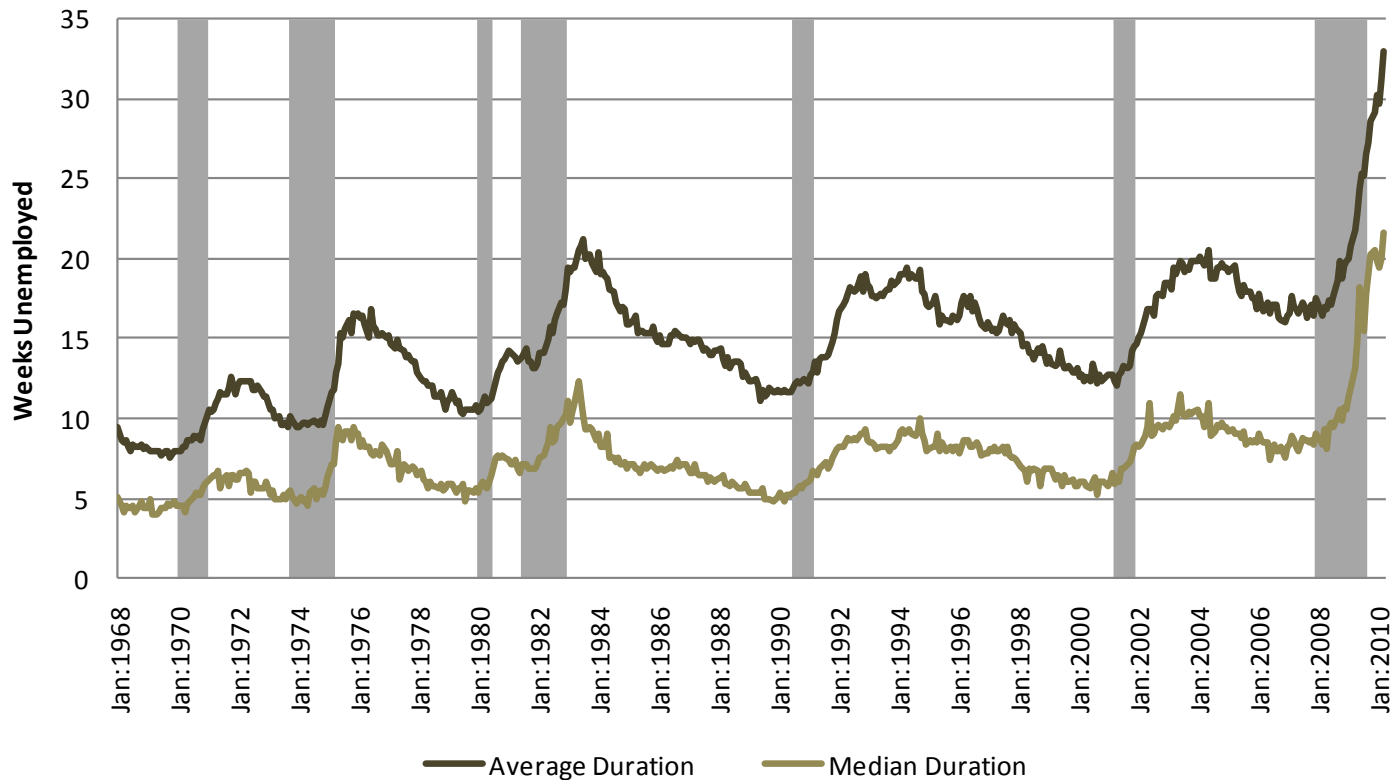
Example taken from Mankiw's *Macroeconomics*, 5th ed.

Unemployment Facts: Duration of Unemployment

- Consider patrons in a bar:
 - If you poll patrons in a bar on how long they have been/are planning on staying at the bar most will report longer-than-average visits.
 - Your poll will capture a disproportionately high fraction of those who stay in the bar all day, and miss the majority of patrons who stop in for one or two drinks.
- The average unemployment spell is longer than the median unemployment spell.

Unemployment Facts: Duration of Unemployment

Duration of Unemployment



Source: BLS

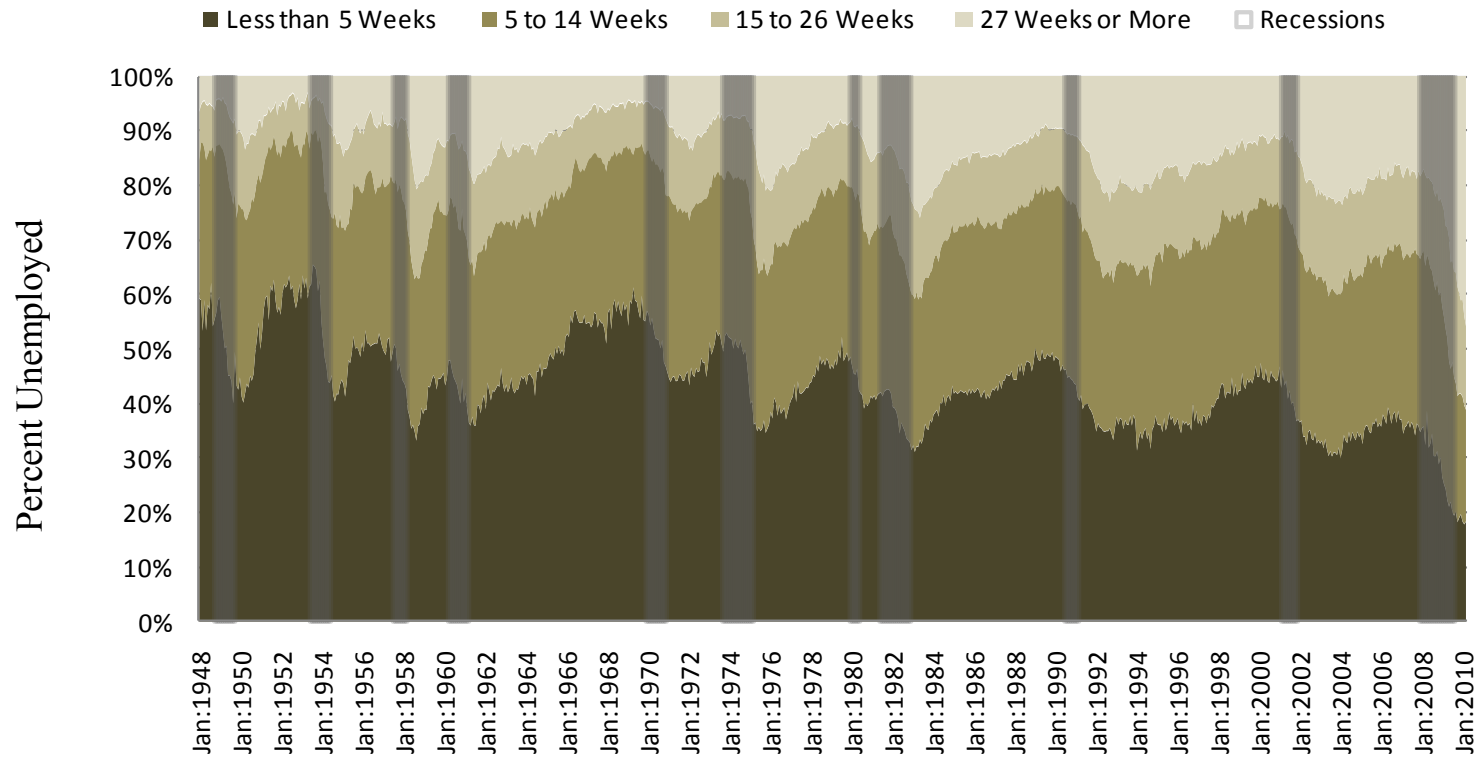
Unemployment Facts:

Duration of Unemployment

- The length of the typical unemployment spells declines during good business conditions, peaking before or as recessions start.
- When recessions start, the length of the typical unemployment spell rises and stays high until the recession is over.
- Unemployment tends to be a lagging indicator.

Unemployment Facts: Duration of Unemployment

Cross Section of Unemployed



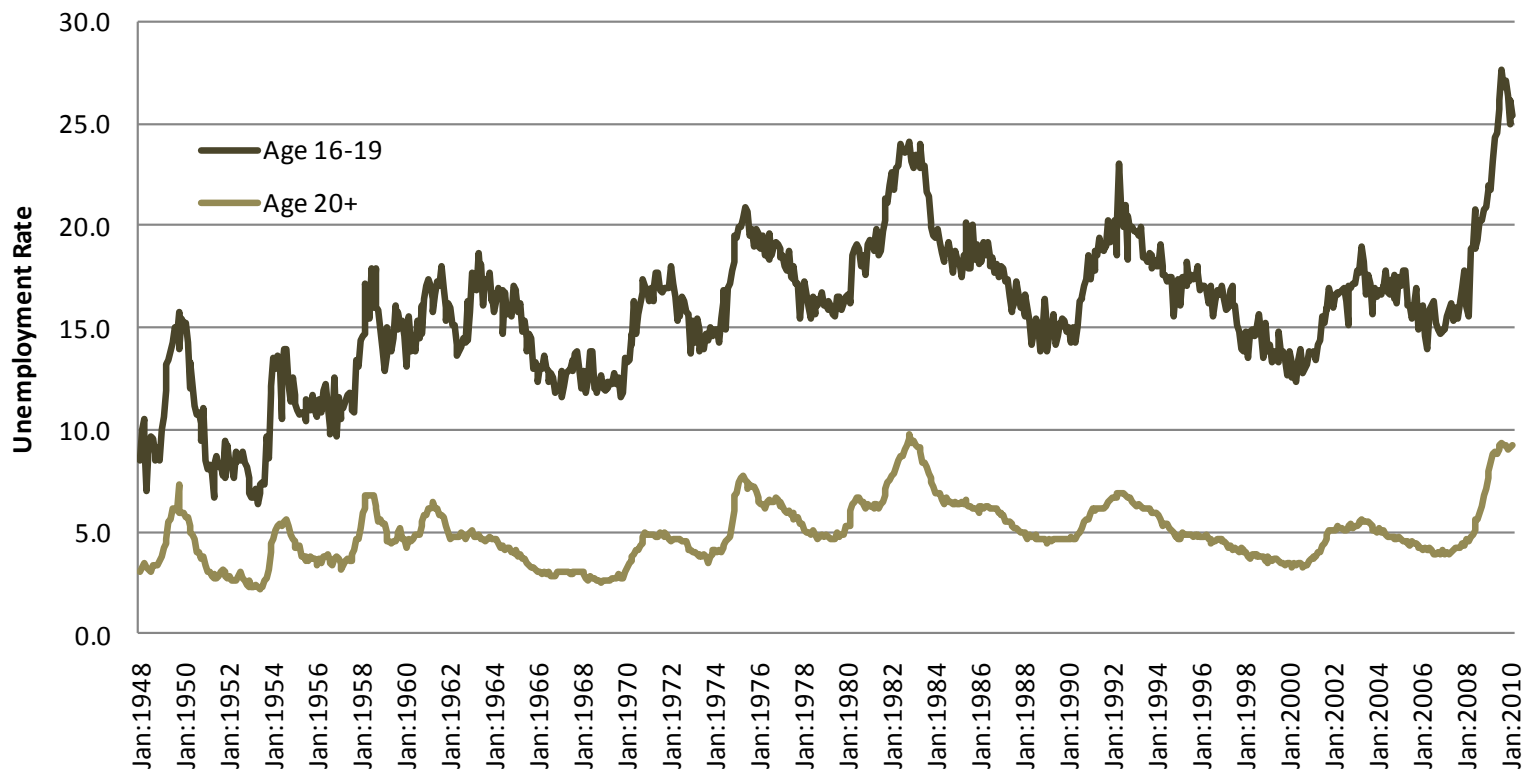
Source: BLS

Unemployment Facts: Variations Across Demographics

- Teenagers have higher and somewhat more volatile unemployment rates than do adults.

Unemployment Facts: Variation Across Demographics

Unemployment Rate by Age

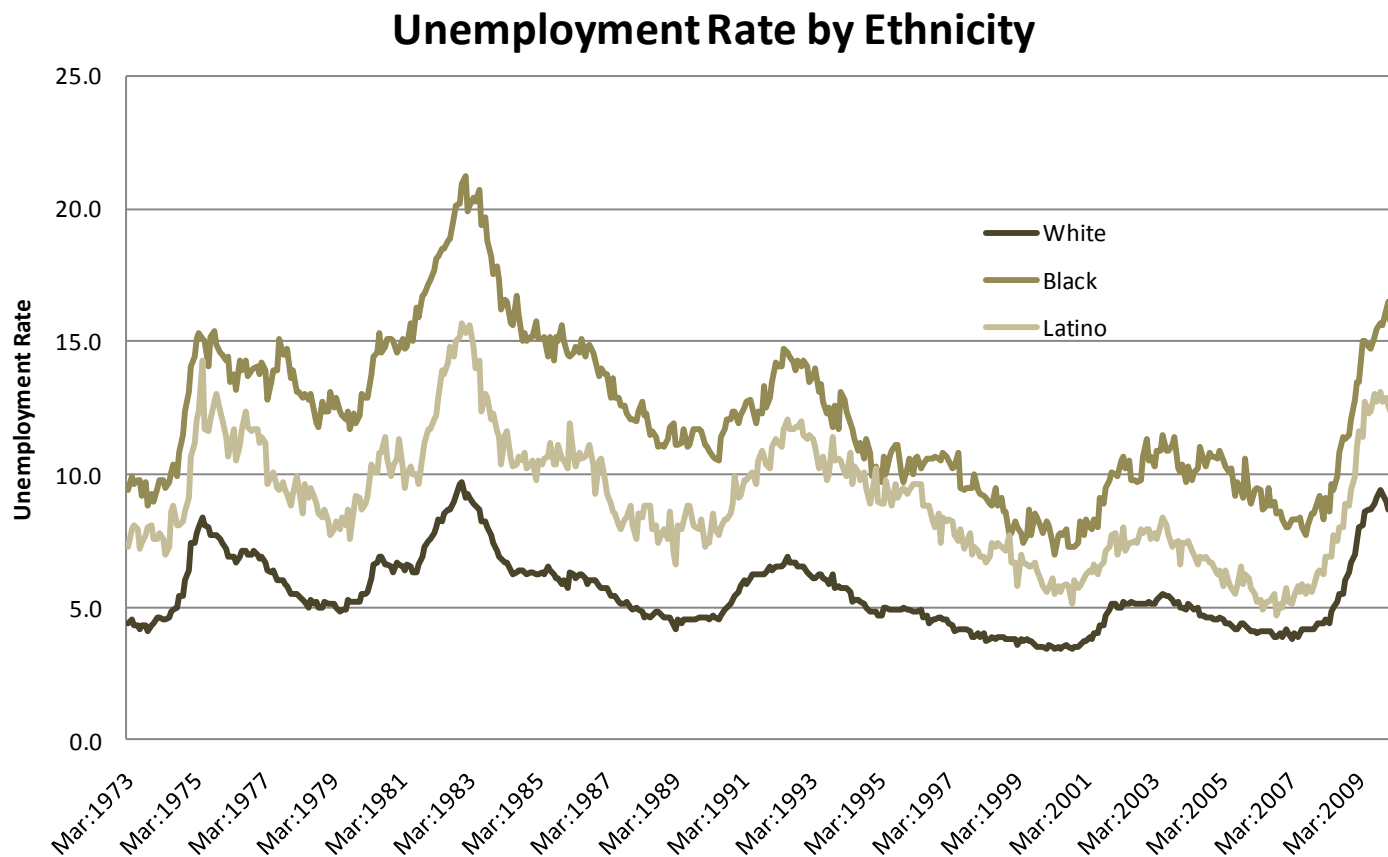


Source: BLS

Unemployment Facts: Variation Across Demographics

- Unemployment rates vary by ethnic group.
 - Whites tend to have lower unemployment rates than do Latinos, who tend to have lower unemployment rates than African-Americans.

Unemployment Facts: Variations Across Demographics



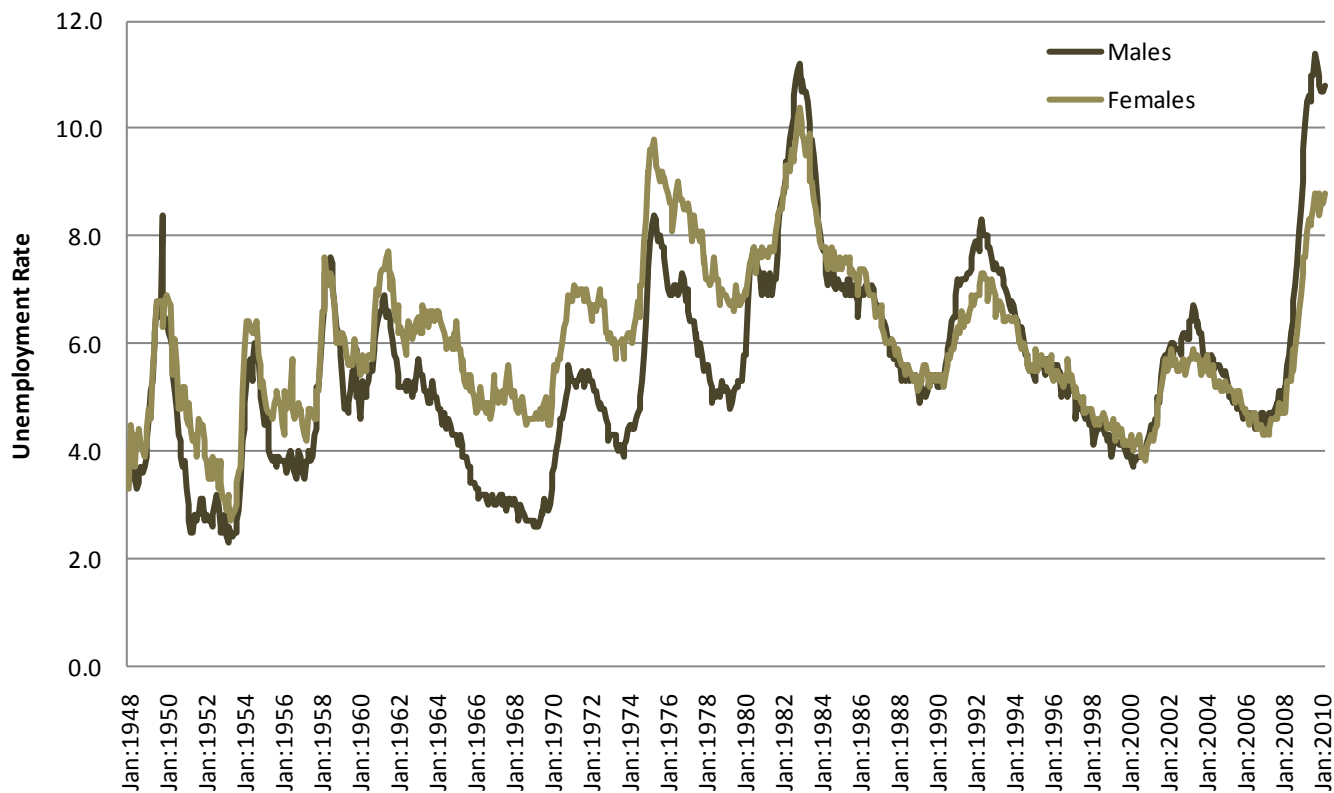
Source: BLS

Unemployment Facts: Variations Across Demographics

- Prior to 1981, average unemployment rates were higher for women. This is no longer true.
- Men have fared much worse in the recent recessions.
- Why? Men and women choose different types of jobs and even different types of jobs within the same profession.

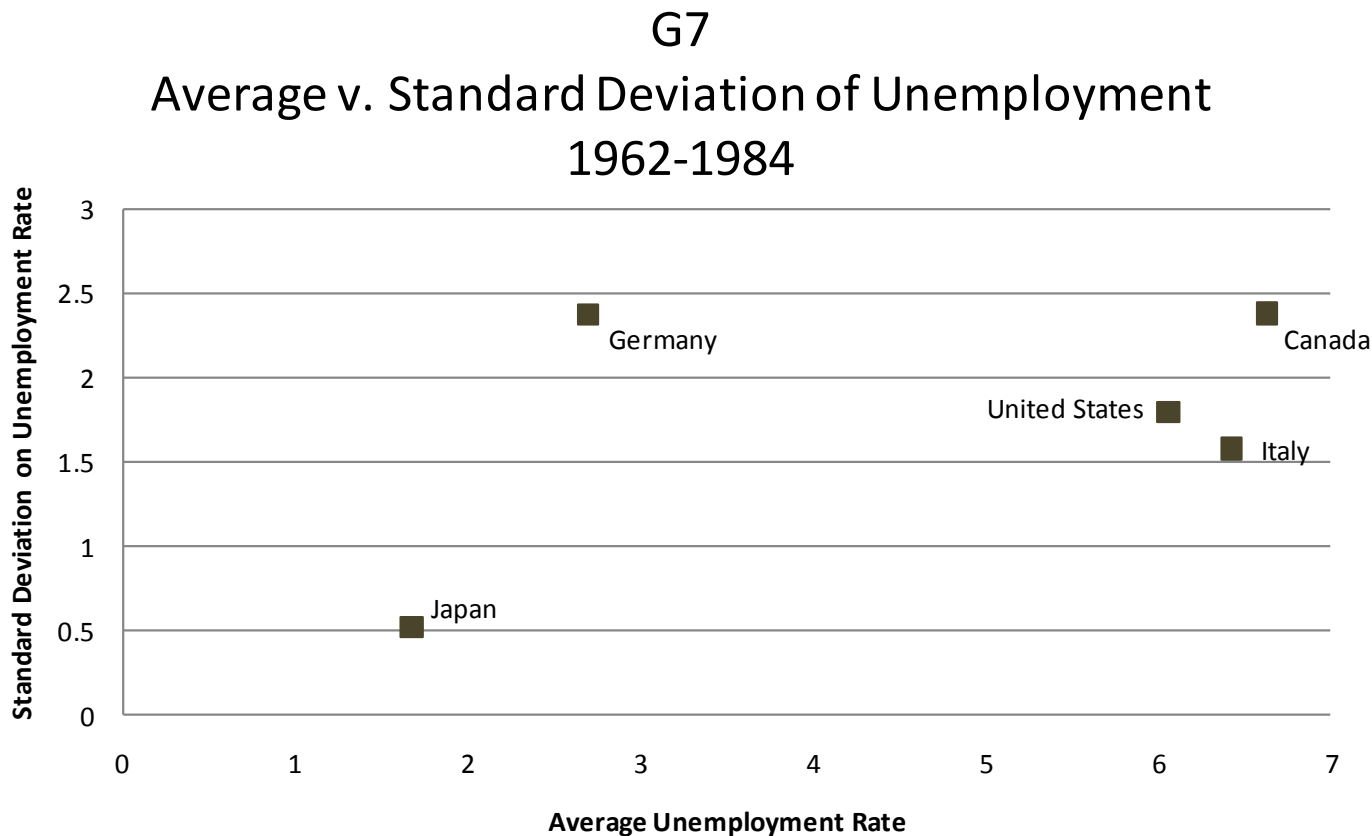
Unemployment Facts: Variations Across Demographics

Unemployment Rate by Gender



Source: BLS

Unemployment Facts: International Comparison

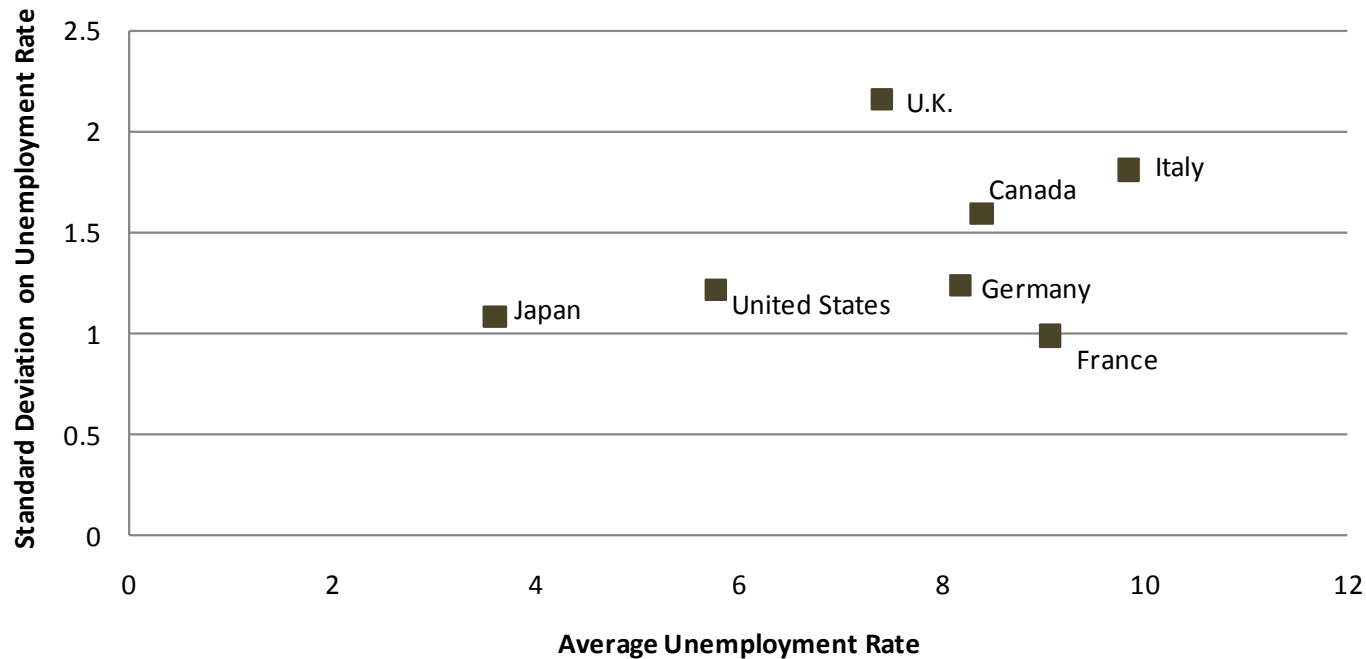


Source: OECD Main Economic Indicators

Unemployment Facts: International Comparison

G7

Average v. Standard Deviation of Unemployment
1985-2009



Source: OECD Main Economic Indicators

Measures of Unemployment

- Data Collection
 - Establishment Survey
 - Household Survey
 - Local Area Unemployment Statistics
- Alternative Reported Measures
- Data Releases

Measures of Unemployment: Data Collection

- “The Bureau of Labor Statistics (BLS) is the principal fact-finding agency for the Federal Government in the broad field of labor economics and statistics. The BLS is an independent national statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the U.S. Congress, other Federal agencies, State and local governments, business, and labor. The BLS also serves as a statistical resource to the Department of Labor.”

Quoted from the BLS's FAQ page: http://www.bls.gov/dolfaq/bls_ques26.htm

Data Collection: Establishment Survey

- The BLS collects information from employers as part of the *Current Employment Statistics (CES)*
 - Also called “the establishment survey.”
 - Data collected on a monthly basis.
 - Surveys 140,000 businesses and government agencies, representing 410,000 worksites.
 - Includes roughly 1/3 of nonfarm payroll employees.
 - Source of statistics on the number of employed persons, hours worked, and earnings.

Data Collection: Household Survey

- The *Current Population Survey* (CPS) is conducted by the Bureau of the Census on behalf of the BLS
 - Also called “the household survey.”
 - Monthly survey of approximately 60,000 households.
 - Begun in 1940 as part of the Work Project Administrations Program.
 - Source of the unemployment rate.

Data Collection: Establishment v. Household Surveys

- Each captures a complementary perspective:
 - Establishment Survey
 - Data collected on jobs
 - Collection organized by location of jobs
 - Strength is in relatively large sample size
 - Household Survey
 - Data collected on individuals
 - Collection organized by location of individuals
 - Strength is in much wider scope:
 - Includes self-employed, unpaid family workers, agricultural workers, private household workers, and unemployed

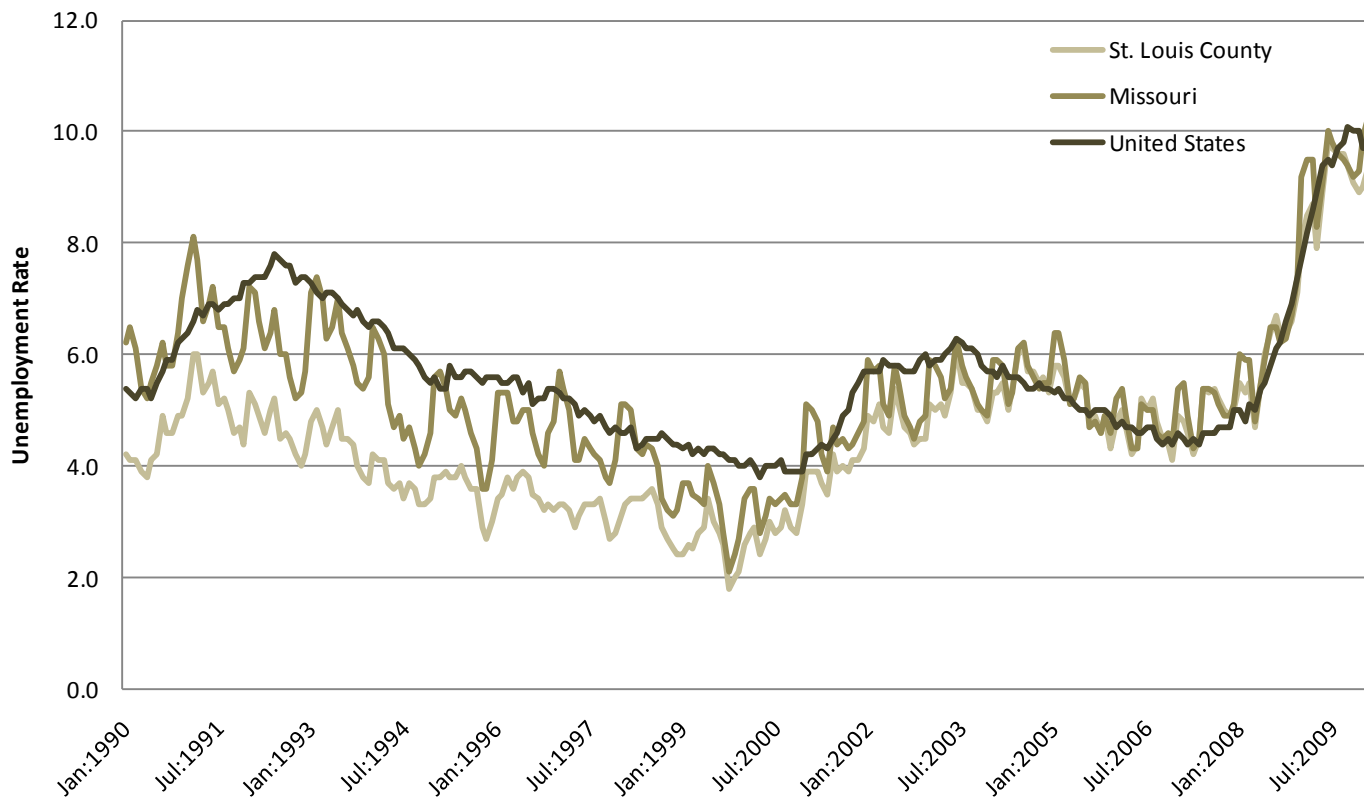
Data Collection:

Local Area Unemployment Statistics (LAUS)

- Statistics include:
 - Labor force, employment, unemployment, and unemployment rate
- Statistics are reported for:
 - census regions and divisions, states, metropolitan areas, metropolitan divisions, micropolitan areas, combined areas, small labor market areas, counties and county equivalents, cities with a population of 25,000 and over, and all cities and towns in New England regardless of population.

Data Collection: Local Area Unemployment Statistics (LAUS)

Comparison of Unemployment Rates by Region



Source: BLS and Haver Analytics

Data Collection:

Alternative measures of underemployment

- So you don't like the unemployment rate and think that we should be trying harder to count discouraged workers?
 - OK. Let's see what the BLS has for you.

Unemployment Measures: Alternative Reported Measures

Table 1. Alternative measures of labor underutilization, seasonally adjusted, selected months

[Percent]

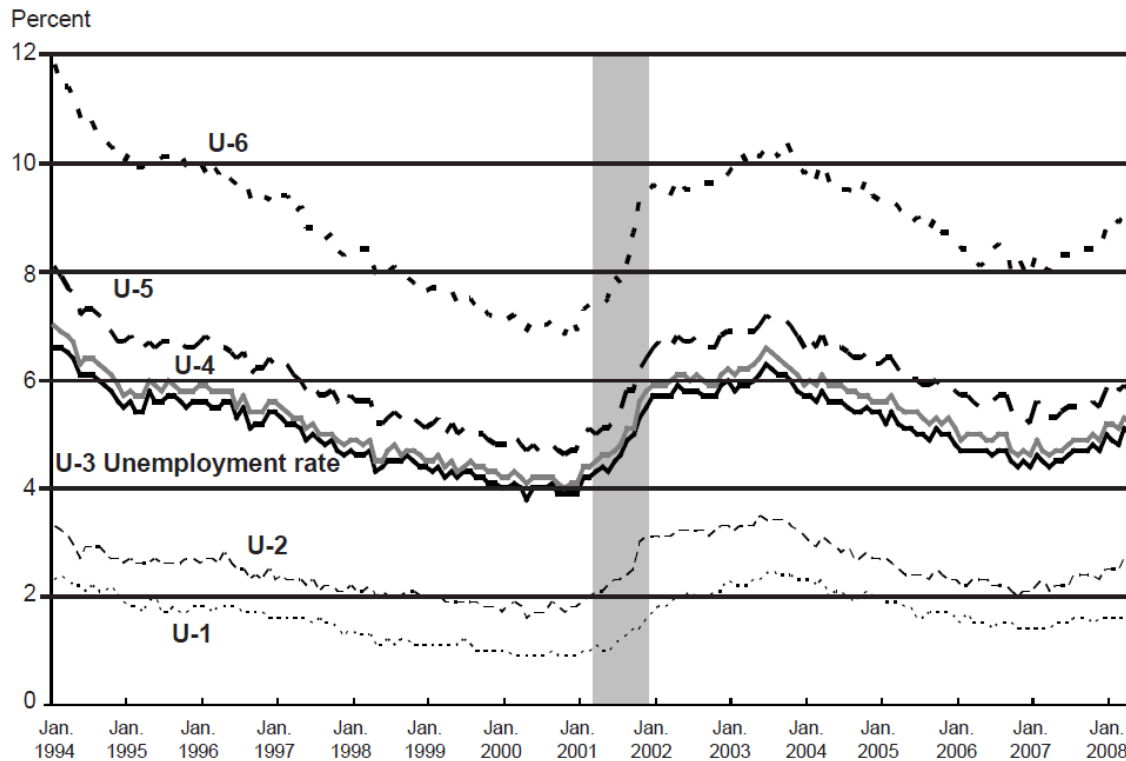
Measure	May 2007	May 2008	Difference
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.5	1.8	0.3
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.2	2.8	0.6
U-3 Total unemployed persons, as a percent of the civilian labor force (the official unemployment rate)	4.5	5.5	1.0
U-4 Total unemployed persons plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	4.7	5.7	1.0
U-5 Total unemployed persons, plus discouraged workers, plus all other "marginally attached" workers, as a percent of the civilian labor force plus all "marginally attached" workers	5.4	6.4	1.0
U-6 Total unemployed persons, plus all "marginally attached" workers, plus all persons employed part time for economic reasons, as a percent of the civilian labor force plus all "marginally attached" workers	8.3	9.7	1.4

NOTE: The *civilian labor force* is the sum of the employed plus the unemployed. The employed are all persons who, during the reference week, a) did any work at all as paid employees, worked in their own business, profession, or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, and b) all those who were not working but who had jobs or businesses from which they were temporarily absent. The unemployed are a) persons who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find work sometime during the 4-week period ending with the reference week, and b) persons who were waiting to be recalled to a job from which they had been laid off, regardless of whether they have been looking for work.

Source: BLS

Unemployment Measures: Alternative Reported Measures

Chart 1. Alternative measures of labor underutilization, seasonally adjusted, 1994-2008



NOTE: Shaded area denotes recession.

SOURCE: Bureau of Labor Statistics, Current Population Survey.

Unemployment Measures: Data Releases

- BLS releases the following on a monthly basis:
 - Employment Situations Report
 - Job Openings and Labor Turnover
 - Mass Layoffs
 - Metropolitan Area Employment and Unemployment
 - Real Earnings
 - Regional and State Employment and Unemployment

Unemployment Measures: Data Releases

- Can we see a typical BLS release calendar that tells us when all this information is coming out?
 - Sure you can. Let's look at June 2010.

BLS June 2010 Release Calendar

Monday	Tuesday	Wednesday	Thursday	Friday
31 Memorial Day Holiday	1	2 Metropolitan Area Employment and Unemployment (Monthly) April 2010 10:00 AM	3 Productivity and Costs (R) First Quarter 2010 08:30 AM	4 Employment Situation May 2010 08:30 AM
7	8 Job Openings and Labor Turnover Survey April 2010 10:00 AM	9 Employer Costs for Employee Compensation March 2010 10:00 AM	10	11
14	15 U.S. Import and Export Price Indexes May 2010 08:30 AM	16 Producer Price Index May 2010 08:30 AM	17 Consumer Price Index May 2010 08:30 AM Real Earnings May 2010 08:30 AM	18 Regional and State Employment and Unemployment (Monthly) May 2010 10:00 AM
21	22	23	24 Mass Layoffs (Monthly) May 2010 10:00 AM	25
28	29	30 Metropolitan Area Employment and Unemployment (Monthly) May 2010 10:00 AM	1	2 Employment Situation June 2010 08:30 AM

Source: BLS

Data Releases:

Employment Situation

- From household data:
 - Employment status by race, sex and age
 - Employed persons by class of worker and part-time status
 - Unemployed persons by reason and duration
 - Alternative measures of labor underutilization
 - Persons not in the labor force and multiple jobholders
- From establishment data:
 - Employees on nonfarm payrolls by industry sector
 - Average weekly hours and overtime
 - Average weekly and hourly earnings
 - Employment of women
 - Employment of production and nonsupervisory employees

Unemployment Measures: Data Releases

- Can we see a typical BLS release?
 - Sure you can. Let's look at April 2010.

Data Releases: Employment Situation



NEWS RELEASE



**Transmission of material in this release is embargoed until
8:30 a.m. (EDT) Friday, May 7, 2010**

USDL-10-0589

Technical information:

Household data: (202) 691-6378 • cpsinfo@bls.gov • www.bls.gov/cps

Establishment data: (202) 691-6555 • cesinfo@bls.gov • www.bls.gov/ces

Media contact: (202) 691-5902 • PressOffice@bls.gov

THE EMPLOYMENT SITUATION – APRIL 2010

Nonfarm payroll employment rose by 290,000 in April, the **unemployment rate** edged up to 9.9 percent, and the labor force increased sharply, the U.S. Bureau of Labor Statistics reported today. Job gains occurred in manufacturing, professional and business services, health care, and leisure and hospitality. Federal government employment also rose, reflecting continued hiring of temporary workers for Census 2010.

HOUSEHOLD DATA
Summary table A. Household data, seasonally adjusted
 [Numbers in thousands]

Category	Apr. 2009	Feb. 2010	Mar. 2010	Apr. 2010	Change from: Mar. 2010-Apr. 2010
Employment status					
Civilian noninstitutional population.....	235,271	236,998	237,159	237,329	170
Civilian labor force.....	154,718	153,512	153,910	154,715	805
Participation rate.....	65.8	64.8	64.9	65.2	0.3
Employed.....	140,902	138,641	138,905	139,455	550
Employment-population ratio.....	59.9	58.5	58.6	58.8	0.2
Unemployed.....	13,816	14,871	15,005	15,260	255
Unemployment rate.....	8.9	9.7	9.7	9.9	0.2
Not in labor force.....	80,554	83,487	83,249	82,614	-635
Unemployment rates					
Total, 16 years and over.....	8.9	9.7	9.7	9.9	0.2
Adult men (20 years and over).....	9.4	10.0	10.0	10.1	0.1
Adult women (20 years and over).....	7.2	8.0	8.0	8.2	0.2
Teenagers (16 to 19 years).....	21.8	25.0	26.1	25.4	-0.7
White.....	8.1	8.8	8.8	9.0	0.2
Black or African American.....	15.0	15.8	16.5	16.5	0.0
Asian (not seasonally adjusted).....	6.6	8.4	7.5	6.8	-
Hispanic or Latino ethnicity.....	11.4	12.4	12.6	12.5	-0.1
Total, 25 years and over.....	7.6	8.3	8.3	8.3	0.0
Less than a high school diploma.....	14.9	15.6	14.5	14.7	0.2
High school graduates, no college.....	9.4	10.5	10.8	10.6	-0.2
Some college or associate degree.....	7.5	8.0	8.2	8.3	0.1
Bachelor's degree and higher.....	4.4	5.0	4.9	4.9	0.0
Reason for unemployment					
Job losers and persons who completed temporary jobs.....	8,867	9,550	9,354	9,246	-108
Job leavers.....	887	866	894	938	44
Reentrants.....	3,127	3,451	3,544	3,739	195
New entrants.....	919	1,238	1,197	1,231	34
Duration of unemployment					
Less than 5 weeks.....	3,284	2,748	2,646	2,682	36
5 to 14 weeks.....	3,962	3,412	3,228	2,991	-237
15 to 26 weeks.....	2,571	2,696	2,436	2,253	-183
27 weeks and over.....	3,725	6,133	6,547	6,716	169
Employed persons at work part time					
Part time for economic reasons.....	8,888	8,791	9,054	9,152	98
Slack work or business conditions.....	6,699	6,185	6,177	6,268	91
Could only find part-time work.....	1,819	2,212	2,388	2,489	101
Part time for noneconomic reasons.....	18,976	18,360	18,379	18,140	-239
Persons not in the labor force (not seasonally adjusted)					
Marginally attached to the labor force.....	2,089	2,527	2,255	2,432	-
Discouraged workers.....	740	1,204	994	1,197	-

- Over-the-month changes are not displayed for not seasonally adjusted data.

NOTE: Persons whose ethnicity is identified as Hispanic or Latino may be of any race. Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

ESTABLISHMENT DATA
Summary table B. Establishment data, seasonally adjusted

Category	Apr. 2009	Feb. 2010	Mar. 2010 ^P	Apr. 2010 ^P
EMPLOYMENT BY SELECTED INDUSTRY (Over-the-month change, in thousands)				
Total nonfarm.....	-528	39	230	290
Total private.....	-649	62	174	231
Goods-producing.....	-277	-28	55	65
Mining and logging.....	-14	7	10	7
Construction.....	-114	-51	26	14
Manufacturing.....	-149	16	19	44
Durable goods ¹	-130	9	23	30
Motor vehicles and parts.....	-23.9	-9.1	3.0	4.4
Nondurable goods.....	-19	7	-4	14
Private service-providing ¹	-372	90	119	166
Wholesale trade.....	-30.2	3.2	9.5	4.0
Retail trade.....	-42.8	7.1	15.1	12.4
Transportation and warehousing.....	-47.8	-9.0	7.9	-19.5
Information.....	-24	-6	-12	-3
Financial activities.....	-47	-7	-20	3
Professional and business services ¹	-138	56	13	80
Temporary help services.....	-65.9	35.9	32.4	26.2
Education and health services ¹	4	30	54	35
Health care and social assistance.....	9.1	21.0	42.4	26.4
Leisure and hospitality.....	-34	23	41	45
Other services.....	-11	-7	10	9
Government.....	121	-23	56	59
WOMEN AND PRODUCTION AND NONSUPERVISORY EMPLOYEES AS A PERCENT OF ALL EMPLOYEES²				
Total nonfarm women employees.....	49.8	49.9	49.8	49.8
Total private women employees.....	48.3	48.4	48.4	48.3
Total private production and nonsupervisory employees.....	82.4	82.4	82.4	82.5
HOURS AND EARNINGS ALL EMPLOYEES				
Total private				
Average weekly hours.....	33.9	33.9	34.0	34.1
Average hourly earnings.....	\$ 22.11	\$ 22.48	\$ 22.46	\$ 22.47
Average weekly earnings.....	\$ 749.53	\$762.07	\$763.64	\$766.23
Index of aggregate weekly hours (2007=100) ³	92.5	91.1	91.5	91.9
Over-the-month percent change.....	-0.9	-0.2	0.4	0.4
Index of aggregate weekly payrolls (2007=100) ⁴	97.5	97.6	98.0	98.5
Over-the-month percent change.....	-0.7	-0.1	0.4	0.5
HOURS AND EARNINGS PRODUCTION AND NONSUPERVISORY EMPLOYEES				
Total private				
Average weekly hours.....	33.1	33.2	33.3	33.4
Average hourly earnings.....	\$ 18.53	\$ 18.92	\$ 18.91	\$ 18.96
Average weekly earnings.....	\$ 613.34	\$628.14	\$629.70	\$633.26
Index of aggregate weekly hours (2002=100) ³	99.2	98.0	98.5	99.0
Over-the-month percent change.....	-0.6	-0.2	0.5	0.5
Index of aggregate weekly payrolls (2002=100) ⁴	122.8	123.9	124.4	125.5
Over-the-month percent change.....	-0.6	-0.2	0.4	0.9
DIFFUSION INDEX (Over 1-month span)⁵				
Total private.....	20.6	57.4	57.8	64.3
Manufacturing.....	16.5	67.1	56.7	65.9

Data Releases:

Initial Unemployment Claims

- Released every Thursday at 8:30 AM ET
- “This is a term used to define the initial notice of unemployment a person files with the State Unemployment Insurance agency to initiate a request either for a determination of entitlement to and eligibility for compensation, or for a subsequent period of unemployment within a benefit year or period of eligibility.” -BLS

Summary

- Types of Unemployment
 - Frictional, cyclical, structural
- Causes of Unemployment
 - Matching and labor market frictions
- Unemployment Facts
 - Varies over time, by season, by age, by sex, by ethnicity, etc.
- Measures of Unemployment
 - BLS household, establishment surveys.
- Web Resources

The End

Web Resources

- Data used in this presentation come from:
 - BLS (national): <http://www.bls.gov/data>
 - OECD (international): <http://www.oecd.org>
- For further resources please visit:
 - BLS: <http://www.bls.gov>
 - DOL: <http://www.dol.gov>
 - St. Louis Feds' Educational Resource Page:
http://www.stlouisfed.org/education_resources/

Appendix:

Definition of Natural Unemployment Rate

- The natural unemployment rate is the unemployment rate around which the economy is observed to fluctuate
 - The economy gravitates towards this rate in the long run
 - Labor market imperfections and search frictions prevent keep this rate above zero