Unemployment

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Unemployment has become a problem that people have to contend with in every part of the world. The US has also experienced unemployment, and the recent coronavirus pandemic is threatening to leave many people unemployed. According to Mankiw (2020), the Bureau of Labor Statistics has the mandate of measuring the national rates of unemployment in the US. The BLS is part of the Department of Labor. It rolls out data on unemployment and other labor-related information on a monthly basis based on surveys conducted on over 50 000 households in the US. The survey, Current Population Survey, has responses that the BLS uses to group any person over the age of 16 in either of three categories. The most important statistics include the U6 and U3 unemployment rates.

The U3 employment rates show the number of people who are currently jobless and are seeking employment. It is also the official unemployment rate. The current U3 unemployment in September 2020 was 7.9% (US Bureau of Labor Statistics, 2020). The U6 unemployment rate refers to the total number of people unemployed, including partly employed people, and those marginally attached to the labor force. Current numbers indicate the U6 unemployment is at 12.8% at the end of September this year. The labor force participation rate is a measure of the active workforce in the US. As of September 2020, the labor force participation rate in the US was 61.4%.

There are several differences between the U3 and the U6 unemployment rates. For instance, the U3 is the most reported unemployment rate in the US. However, the U6 is inclusive of all the people that the U3 does not account for in the measurement. They include the discouraged workers and the underemployed in addition to the unemployed. The U3 numbers are generally lower than those of the U6 as it measures a broader group of people. Many believe that U6 is the true unemployment rate compared to the U3 as the U3 excludes people that have given up hope of ever finding jobs, among other things.

There are various factors that contribute to the current unemployment rate. The first is the current healthcare crisis facing the entire world. The coronavirus presented a much more serious threat than people predicted, and it led to companies closing down. Others chose to reduce the number of employees to reduce operating costs. The growth of the economy is also a factor. Countries with high economic growth have reduced unemployment levels, while those that have a slow growth of the economy register increased rates of unemployment. Advancement in technology also has a part to play as they lead to a reduction in the number of employees a firm hires. Any technology that has a high level of efficiency and productivity will potentially reduce employment as it will mean that one person could handle a job meant for two people. An economic downturn is also a factor as employers will reduce the number of employees they have to reduce operations costs. The coronavirus pandemic has caused an economic downturn.

There are also some factors that affect the labor force participation rate. The demographic characteristics of a population like the level of education, the year of birth, marital status, and children's presence. All these affect the labor force participation rate. The economic condition and fiscal policies of the government also affect labor force participation.

References

Mankiw, N. G. (2020). Principles of economics. Cengage Learning.

US Bureau of Labor Statistics. (2020). Table A-15. Alternative measures of labor underutilization. Www.Bls.Gov. <https://www.bls.gov/news.release/empsit.t15.htm>