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Sources of Unemployment

Since my research involves unemployment, the definition of unemployment is of importance. A person is unemployed if they do not have a job, but are actively making an effort to find one, such as sending out resumes, applying for jobs, or contacting employers.

“Employment Situation Summary.” U.S. Bureau of Labor Statistics. U.S. Bureau of Labor Statistics, 18 Sept. 2014. Web. 11 Oct. 2014.

The “Employment Situation Summary” is an economic report released by the United States Bureau of Labor, focusing on statistics concerning employment in the U.S. The report begins with an overview of basic employment statistics, including changes in the unemployment rate and the changes in the number of people in the workforce. The report continues outlining several more statistics. At the bottom of the main page of the report are links to numerous other sections of the report, outlining specific areas in more detail.

The report was published by the U.S. Bureau of Labor Statistics (BLS) as part of the monthly employment report. The BLS is a part of the United States Government, and is relied on by many major news organizations to provide all manner of statistics regarding labor and the economy. In terms of researching unemployment, the unemployment statistics provided by the BLS are essential as raw data. The report is oriented towards economists, so it can be wordy, and it has a

preference towards reporting economic statistics, and not any other, potentially relevant information. Nonetheless, while it might not provide a complete picture of unemployment, it does show detail in areas I find important towards understanding causes in unemployment, such as differences between age groups.

Lee, David and Emmanuel Saez. "Optimal minimum wage policy in competitive labor markets."

Journal of Public Economics Volume 96.Issues 9-10 (2012). Web. 12 Oct. 2014.

"Optimal minimum wage policy in competitive labor markets" is a mathematical analysis of the optimal minimum wage for redistributing money to lower income families. The ideas of the paper are based around a theoretical economic framework of a "competitive market" where there is no one firm that dominates the market, and where all government regulations are a strict part of the model. The paper comes to the conclusion that raising minimum wage does in fact increase unemployment, but is overall desirable for a healthy lower class.

The Journal of Public Economics is a peer reviewed economic journal. While I did not look through much of the body of the report, as it involves math far beyond my abilities, I could mostly follow the logic of the paper. In addition, the abstract, introduction, and conclusion were clear enough that I could understand with a little effort. One of my biggest research questions was whether unemployment was affected by minimum wage. I'd heard enough debate about the issue that I wasn't sure what was correct, and this paper clears up that confusion. The conclusion that increasing minimum wage might increase unemployment seems easy to make, but economics can be counterintuitive, so seeing that conclusion quantified in numbers is reassuring.

Luhby, Tami. "Unemployment Rate Falls below 6% for First Time since 2008." CNNMoney.

Cable News Network, 03 Oct. 2014. Web. 12 Oct. 2014.

In the article, Luhby discusses the latest report from the U.S. Bureau of Labor Statistics concerning unemployment. The unemployment rate fell to 5.9 percent, the lowest that it has been since the 2008 recession. In addition, the unemployment rate fell not because people were giving up on employment, but rather that people were successful in finding work. However, in the long term, participation in the work force is at an all time low, at 67.2 percent (Luhby).

CNN is a major and respected news source, with perhaps a slight liberal bias, which will be important to keep in mind when dealing with this source. In terms of facts, the article took numbers straight from the unemployment report released by the U.S. government. One of the main reasons this article was important in my research is its reminder that a low unemployment rate is not by necessity a good thing. Low unemployment can mean that people are successful in finding the work they want, but it can also mean that some people have entirely given up on work as an option. The unemployment statistics are just numbers, and are limited in their application, and sometimes numbers can lie. This doesn't mean that the unemployment statistic is useless, but rather that it is incomplete, and should be taken with a grain of salt.

Mouhammed, Adil H. "Important Theories of Unemployment and Public Policies." Journal of Applied Business and Economics 12.5 (2011): 100-10. North American Business Press. Web. 12 Oct. 2014.

"Important Theories of Unemployment and Public Policies" outlines some of the major schools of thought as to what causes unemployment. Unemployment in classical economics, where the

market is free and no one firm dominates the others, describes labor as a sort of good in a labor markets, with people acting as suppliers of labor, and firms supplying demand. Unemployment in the theory of innovations holds that different types of innovations can either increase unemployment, for instance automating manufacturing, or decrease unemployment, perhaps by creating a new market. The paper goes on to list and explain several more, such as unemployment in the theory of effective demand, and unemployment in the real business cycle theory.

Mouhammed is an associate professor of economics at the University of Illinois at Springfield. He has published forty papers. This source is consistent in its content with several other sources I checked, suggesting that the paper is accurate. I preferred this paper to the other sources because it was somewhat more in depth and more academic. In terms of understanding the causes of unemployment, this paper is invaluable. It outlines many different ideas from many different theories in a fair manner. I could spend probably several more pages just summarizing the content of the article. This paper answers many questions about the potential sources of unemployment, and does not to strongly suggest only one. A potentially inhibiting factor is the very advanced language that is sometimes difficult to wade through, particularly for someone who has no prior experience with economics.