



**Unemployed due  
to lack of skills  
1%**

**Unemployed due  
to recession  
5%**

**Between Jobs**

**4%**

**Zero Cyclical  
Unemployment**

**Frictional**

**4%**

**Cyclical**  
**5%**

**Structural**  
**1%**

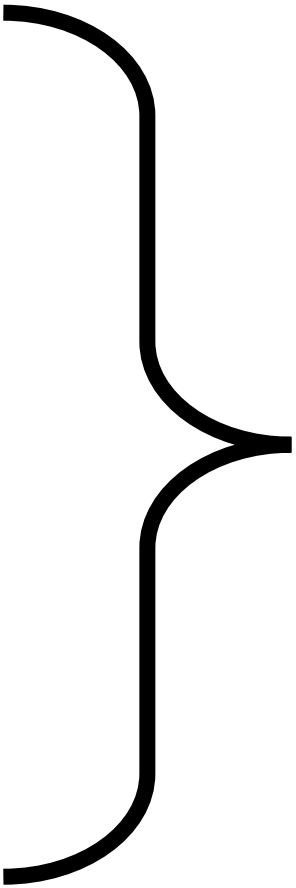


$U_r = 10\%$

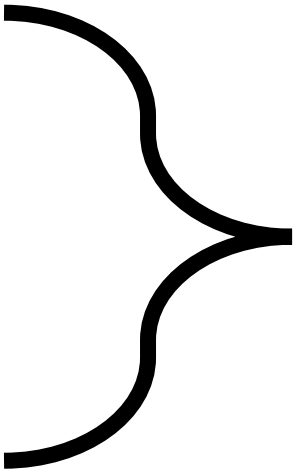


**Natural  
Rate of  
Unemployment**

Unemployment Rate is Never Zero



**NRU = 50%**





**Recession  
Ends**

**NRU = Frictional + structural**



# Unemployment Rate is Never Zero

$$\text{NRU} = \text{Frictional} + \text{structural}$$

Frictional  
4%

Structural  
1%

NRU=5%

Natural  
Rate of  
Unemployment

Recession  
Ends

Zero Cyclical  
Unemployment

