

Unemployed
due to lack of
skills

1%

Unemployed
due to
recession
5%

Between Jobs

4%

Zero Cyclical Unemployment

Frictional

4%

Cyclical

5%

Structural

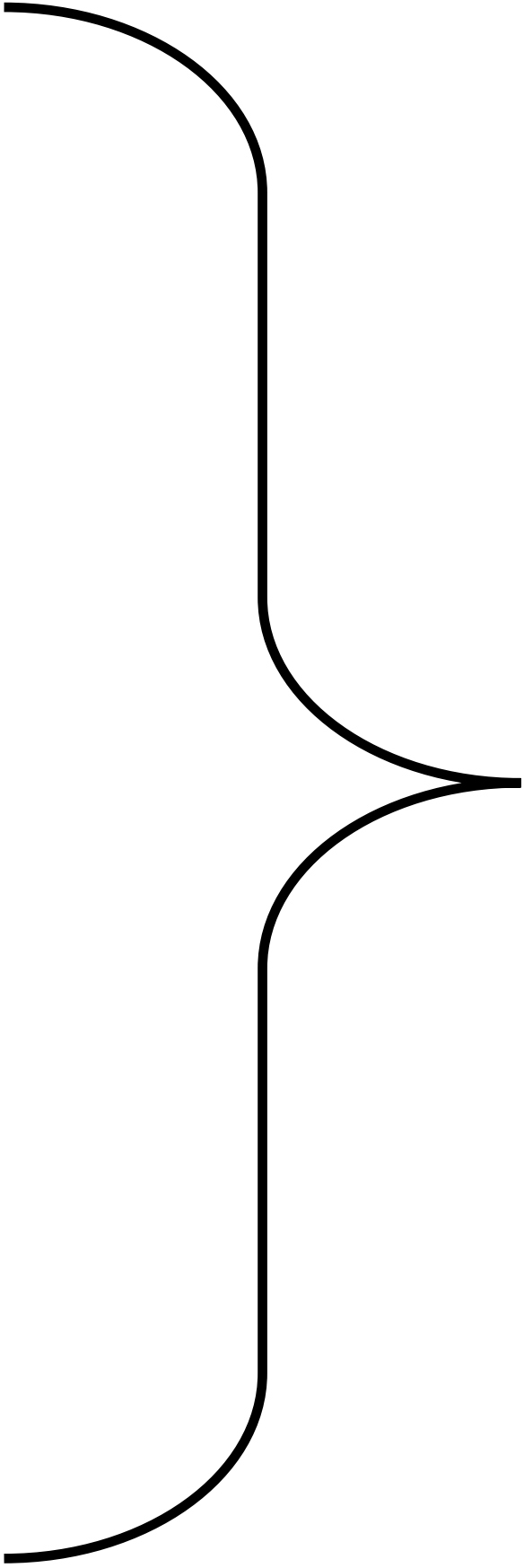
1%

$$U_r = 10\%$$



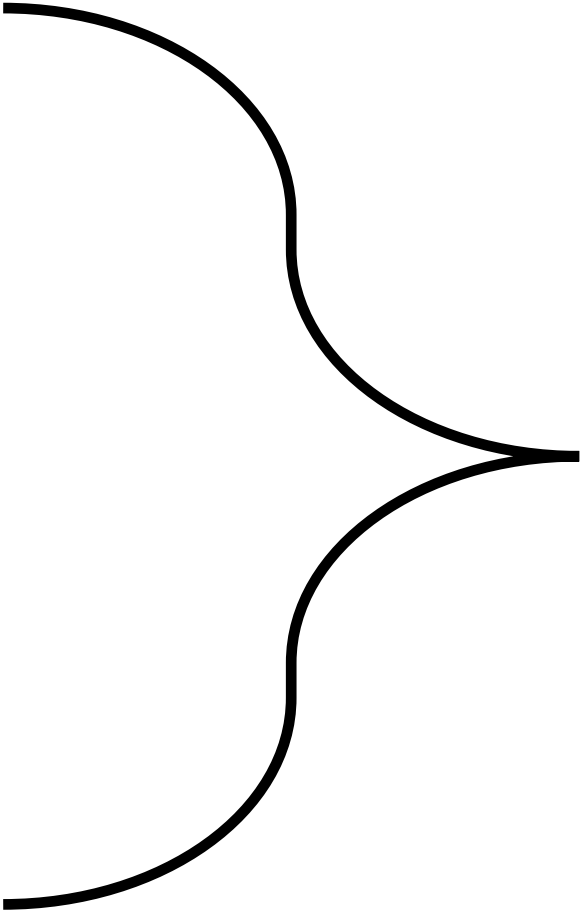
Natural Rate of Unemployment

Unemployment Rate is Never Zero

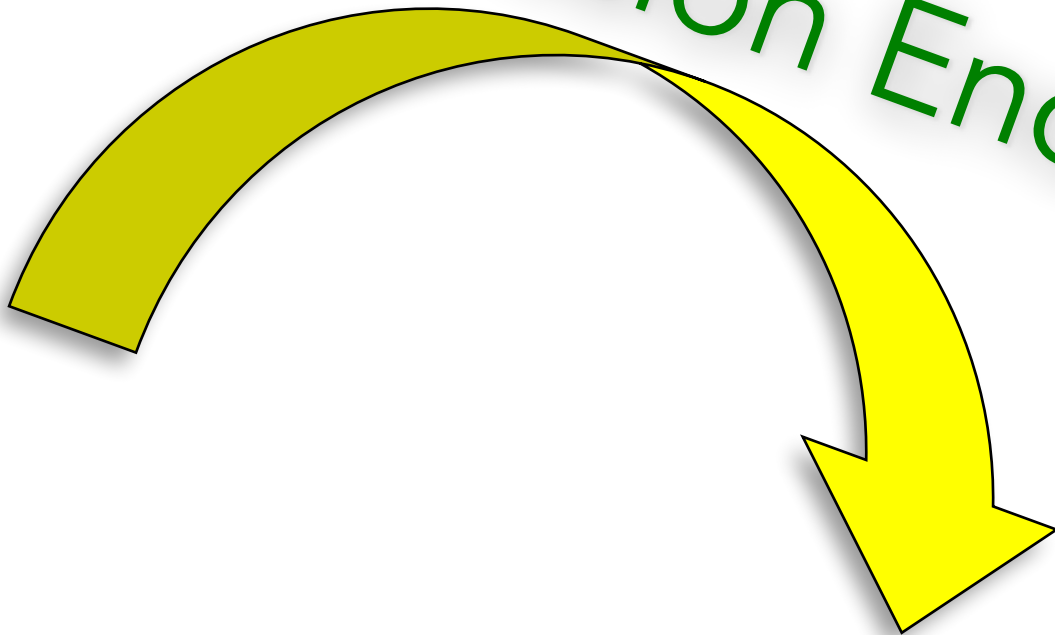


NRU=5%





Recession Ends



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

Unemployment Rate is Never Zero

