

# Ch7 The Labor Market

## Tour of the Labor Market

- We have focused on the short run by assuming a constant price level in the IS-LM model.
- We now turn to the medium run and explore how prices and wages adjust over time, and how this in turn affects output.
- The labor market is the center of that sequence of events.
- 解决全社会范围的大规模失业是宏观经济学的目标之一。就业是任何一个负责任的政府最关注的统计指标之一。

## 劳动力市场统计

- Out of the total  $\text{population}$ , we can define  $\text{non-institutional civilian population}$  as those who are 16 or above (not inmates of institutions and not in the Armed Forces), and are either employed or unemployed
- 16周岁以上成年人口(不含囚犯、军人): 就业、失业、非劳动力人口
- Part of the non-institutional population that is either working or looking for work is the  $\text{labor force}$  劳动力
- 劳动力参与率 labor force participation rate: 成年人口中劳动力的百分比

$$\text{Labor force participation rate} = \frac{\text{labor force}}{\text{non-institutional population}}$$

• 失业率 unemployment rate: 劳动力中没有被雇佣的比率

$$\text{Unemployment rate} = \frac{\text{unemployed}}{\text{labor force}}$$

A Tour of the Labor Market in the United States

Population, Labor Force, Employment, and Unemployment in the United States (in millions), 2014

The unemployment rate is the ratio of the unemployed to the labor force, was  $9.5/155.9 = 6.1\%$ .

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\begin{frame}[t]\frametitle{我国的劳动力市场统计}
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\begin{itemize}
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\item 中国的人口和劳动力, 2015年数据
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\begin{itemize}
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\item 人口 13.7462 亿
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\item 经济活动人口(劳动力) 8.0091 亿\\
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(16周岁及以上, 有劳动能力, 参加或要求参加社会经济活动的人口。包括就业人员和失业人员。)

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\item 就业人员 7.7451 亿
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\item 城镇人口 7.7116 亿
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\item 城镇就业人员 4.0410 亿
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\item 城镇登记失业人员 966 万
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\item 城镇登记失业率 4.1\%
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\end{itemize}
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\item 登记失业率: 需要去当地社保局登记。
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\item 调查失业率: 以居民调查为主, 从2014年开始公布。
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\begin{frame}{Unemployment rate}
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\begin{itemize}
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\item A given unemployment rate may reflect either:
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\item An active labor market: Many \textbf{separations} and hires, i.e, many workers entering and exiting unemployment
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\item A sclerotic labor market: Few separations and hires, and a stagnant unemployment pool
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\item The \textbf{Current Population Survey} (CPS) shows the average monthly flows.
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Separations include quits and layoffs.

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\item The \textbf{average duration of unemployment}—the length of time people spend unemployed—is 2 to 3 months.
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\begin{frame}{A Tour of the Labor Market}
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\begin{minipage}[t]{0.5\linewidth}
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\begin{figure}
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\centering
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\includegraphics[width=\textwidth]{b0702}
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\caption{7-2 Average Monthly Flows between Employment, Unemployment, and Nonparticipation in the United States, 1996 to 2014 (millions)}
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\end{figure}
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\end{minipage}%
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\begin{itemize}
  \item (1) The flows of workers in and out of employment are large.
  \item (2) The flows in and out of unemployment are large relative to the number of
unemployed.
  \item (3) There are also large flows in and out of the labor force, much of it directly to and from
employment.
\end{itemize}
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\begin{frame}[t]\frametitle{Out of the labor force}

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\begin{itemize}
  \item Many who are classified as “out of the labor force” are in fact
discouraged workers—not actively looking for a job but will take it if they
find one.
  \item So, rather than the unemployment rate, economists sometimes focus on
the employment rate—the ratio of employment to the population.
\end{itemize}

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\section{Movements in Unemployment}

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\begin{frame}[t]\frametitle{中国的失业率变化}

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\begin{figure}
\centering
\includegraphics[width=\textwidth]{b06unemploy}
\caption{中国的失业率变化}
\end{figure}

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  \begin{itemize}

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- \item When unemployment is high, workers are worse off in two ways:
- \item Employed workers face a higher probability of losing their job.
- \item Unemployed workers face a lower probability of finding a job; or they can expect to remain unemployed for a longer time.

- \item Two things are missing in our model so far
- \item We have not dealt with the labor market at all: we do not know if there are people unemployed at the equilibrium income level
- \item Also, the price level is “fixed” in our model
- \item We have not explained how it is determined
- \item Hence the Blanchard calls the IS-LM model a short-run model
- \item We now move toward the medium run, at which price level and

employment are determined

- \item You consider the medium run when it is no longer appropriate to assume a

constant price