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COMPARATIVE ANALYSIS OF UNEMPLOYMENT IN THE USA AND OTHER COUNTRIES OF THE WORLD

Abstract: this article outlines the analysis of comparison of unemployment of the United States to other global economies, including various countries in Europe, Canada, Japan and developing countries such as Brazil and South Africa. This article highlights the U.S.'s relatively low unemployment rate and the contributing factors.

Keywords: unemployment, economies

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СРАВНИТЕЛЬНЫЙ АНАЛИЗ БЕЗРАБОТИЦЫ В США И ДРУГИХ СТРАНАХ МИРА

Аннотация: в этой статье представлен сравнительный анализ безработицы в Соединенных Штатах с другими мировыми экономиками, включая различные страны Европы, Канаду, Японию и развивающиеся страны, такие как Бразилия и Южная Африка. В статье описываются факторы, способствующие относительно низкому уровню безработицы в США

Ключевые слова: безработица, экономика

Unemployment is an important economic indicator, which reflects the health of an economy, and its ability to provide jobs to those who seek work. Countries face varied levels of unemployment due to the differences in economic policies, structure and industries. It is important to compare unemployment rates between economies since it can indicate the health of an economy and the effectiveness of economic policies of various countries.

In the United States, an individual is considered unemployed if they meet specific criteria set by the United States Bureau of Labor Statistics (BLS). According to the BLS, individuals are considered unemployed if they are without a job, available for work and actively seeking employment. BLS excludes individuals who are under 16 years of age, in the military or those who are institutionalized (in prisons or nursing homes) [1].

The official unemployment rate in the United States is U-3. However, BLS has alternative measures of unemployment: U-1 is all persons who are unemployed for 15 weeks or longer. U-2 is all persons who are job losers and persons who completed temporary jobs. U-3 is all persons who are unemployed. U-4 is all persons who are unemployed plus discouraged workers. U-5 is all persons who are unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force. U-6 is all persons who are unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons [2].

The United States unemployment rate experiences fluctuations due to the economic cycles, policy changes and external events. The unemployment rate in the United States as of October 2024, is 4.1%. The United States has a lower unemployment rate compared to other countries.

Across the European Union (EU), the average unemployment rate is 5.9% as of August 2024. This is due to member states having significant variation between each other. For example, the Netherlands, 3.54% (in 2023), tends to have historically low unemployment rates [3], while Greece, 11.0% (in 2023), struggle with higher unemployment rates (above 10%), this is due to slower economic growth and the structure of the labor market having issues [4].

The United States neighbor, Canada, unemployment rate stands at 6.5% as of October 2024. Canada has a similar economy to the United States, albeit on a smaller scale. Canada's unemployment rate is higher due to seasonal employment patterns [5].

In Japan, the unemployment rate is relatively low, 2.58% for 2023. Japan has a large working-age population, strong labor market policies and cultural norms which emphasize career stability [6].

When comparing the United States unemployment rate to the developing economies, it is important to remember that developing economies often have unstable economies. These countries have large informal sectors and a large younger population seeking employment. In South America, there are higher unemployment rates. In Brazil, the unemployment rate in 2023 is 7.95% - this is due to economic instability, political instability and high inflation rate [7].

In many African countries, there are often high unemployment rates due to the large percentage of youth which is larger than the job market. Once a wealthy country in the past, South Africa has an unemployment rate of 27.99% in 2023 [8].

Factors contributing the difference in unemployment rate include:

1. Economic structure: Developed economies such as the United States and Japan have more advanced industries such as technology and these industries often provide career stability. On the other hand, developing economies have larger informal industries.
2. Education and Skills: In many developing economies, there is a gap that exists between workforce skills and jobs available, which contributes to unemployment.
3. Demographics: Japan has a larger older working population, so they face a labor shortage. On the other hand, countries with a significantly younger population face a high supply of younger individuals seeking a job who are entering the labor force.

4. Labor market policies: When comparing the United States and Europe, the United States is more flexible in labor market policies, such as hiring and laying off employees. Europe generally has more stringent and strict laws on protecting employees' rights, however this discourages hiring due to increased costs and regulations.
5. Economic safety nets: This includes social security and welfare programs for the unemployed. Europe generally offers stronger economic safety nets when compared to the rest of the world.

The U.S. generally faces lower unemployment rates than many parts of the world, especially when comparing with developing economies. The U.S., when compared with other developed economies, has more flexible and dynamic economic policies - this contributes to the lower unemployment rate.

Economies around the world face challenges about their unemployment rates, which are driven by various factors. Different economies face different challenges, factors are needed to be analyzed so that economies can tackle their challenges.

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