Frictional unemployment arises when people move between jobs, careers or locations. There is always some level of frictional unemployment.

Structural unemployment is when workers have the wrong skills for the needs of the economy. There can be many reasons why workers may be unwilling or unable to acquire new skills.

Cyclical unemployment is unemployment due to a recession, as consumers and firms cut back on spending (inadequate demand).

Labor mobility describes the ease with which workers can move either geographically or from one occupation to another.

Europe 2020 is the EU’s growth and jobs strategy for the present decade.

But what is...?

Tackling High Youth Unemployment

High youth unemployment rates can result from recessions, but are generally caused by structural problems in education, regulations, or labor market policy. High youth unemployment not only hurts growth and living standards, but it can also cause long-term damage to young people’s prospects, set them back in their pursuit of financial independence or in starting a family, and lower their quality of life. Youth unemployment rates in several euro area countries have been slow to decline following the global financial crisis. How did youth unemployment get so high in these countries in the first place? What can be done to promote job growth for the young?

1. What is the difference between the unemployment rate and the employment rate? What are those rates for young people in your chosen country? What other labor market indicators are important?

2. Have job losses or lack of youth recruitment been concentrated in certain sectors of the economy?

3. How do unemployment benefits and employee income taxes impact workers and companies? What can be done to help companies retain young workers and help the young unemployed to get jobs?

4. Describe the level of labor mobility in your chosen country? Why is or is not this an issue in your chosen country?

5. How do unemployment benefits and employee income taxes impact workers and companies? What can be done to help companies retain young workers and help the young unemployed to get jobs?

6. Describe the level of labor mobility in your chosen country? Why is or is not this an issue in your chosen country?

7. What is meant by ‘labor market flexibility’? Are there roadblocks that discourage hiring and firing in your country? How do internships, apprenticeships and short-term contracts affect the ability of young people to find and maintain employment?

8. How can the Europe 2020 strategy help raise youth employment rates in the EU? What does your country plan to do about youth unemployment under Europe 2020?

9. What is the relationship between labor markets and inflation? What does "full employment" mean? What can the ECB do, if anything, to lower unemployment in the long term to benefit young people?