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96. Unemployment in Ukraine: types, reasons and consequences

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Introduction: In analyzing markets we have almost always assumed that price adjusts until quantity demanded equals quantity supplied. But there is a phenomenon which is being an exception to this rule. It is called “unemployment”.

Resources and methods: This problem involved such well-known scientists as John Maynard Keynes, Karl Marx, Friedrich Engels, Arthur Melvin Okun, Alban William Phillips and others. The scientific methods to be used in the thesis include theoretical and methodological analysis and method of synthesis.

Unemployment is the condition of one who is capable of working, actively seeking but unable to find any work. It is usually given in the form of the unemployment rate

There are different types of unemployment. They are cyclical, frictional (search), voluntary, structural, natural and fictitious.

The first is cyclical unemployment which is unemployment arising from a lack of aggregate demand. Since not a lot of people are buying a product, firms do not need as much labour.

Frictional it also can be called "search" unemployment appears if your search finds you a job close to home instead of one on the other side of the city which utilizing all of your skills you have produced something of considerable value while "unemployed".

Voluntary unemployment the number of persons in an economy without jobs because they choose to be unemployed.

Another type of unemployment is structural unemployment. It is when there is a mismatch between the types of jobs people are looking for and that are being offered in that specific time.

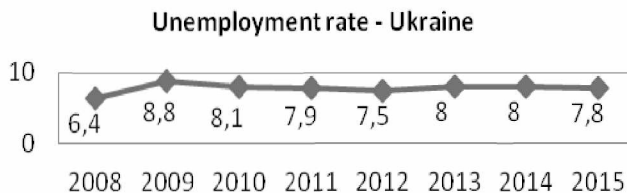
The natural rate of unemployment appears because workers are always looking for a better job, because of qualifications, age, health status, place of residence, or lack the desire to work.

Fictitious is another source of measured unemployment, which consists of people who find it in their interest to say they are looking for a job when they are not for receiving welfare [2].

The most probable reasons behind unemployment are economic recession, economic inflation, changing technology, racial discrimination, welfare payments and job dissatisfaction [1].

In Ukraine, the unemployment rate measures the number of people actively looking for a job as a percentage of the labour force.

From 2008 until 2013, Ukraine Unemployment Rate averaged 7.8 Percent reaching an all time high of 8.8 Percent in 2009 and a record low of 6.4 Percent in 2008 [3].



So the labor market in Ukraine demonstrates stability the unemployment rate is about 8% and it is still lower than in many countries of the European Union, where the average rate is 11%. And graph also shows to us that the unemployment rate will reduce more in a year.

Other positive trends: in the first 9 months of 2013, the State Employment Service found jobs for 113,200 unemployed and the mechanism of compensation of a single social contribution to employers started working this year [4].

Results: There are 4 main consequences of unemployment:

1. Lost tax revenue. Unemployment means that there is lower revenue gained from income tax, which could be spent on development of the important spheres such as healthcare or education.

2. Government spending on benefits. Spending on job seeker's allowance will go up the more people there are that are unemployed.

3. Pressure on other forms of government spending. Greater unemployment may also lead to more crime or mental health problems, which requires more government spending to solve them.

4. Hysteresis. This is unemployment causing unemployment. The longer someone is unemployed, the more likely that employers will see them as unemployable [5].

Conclusions: Unemployment is a phenomenon that affects all the aspects of society life. The labor market in Ukraine demonstrates stability. But if we want to keep this index in these furrows our government must take some measures. The government must invest money in development of manufacture and it is the main measure, because the consequences of it will be in appearance of new places to work and general improvement in the economic situation of the country.

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