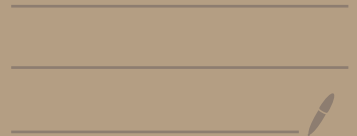


Efficient Unemployment Rate in the US

Pascal Michailat
<https://pascalmichailat.org/c2/>



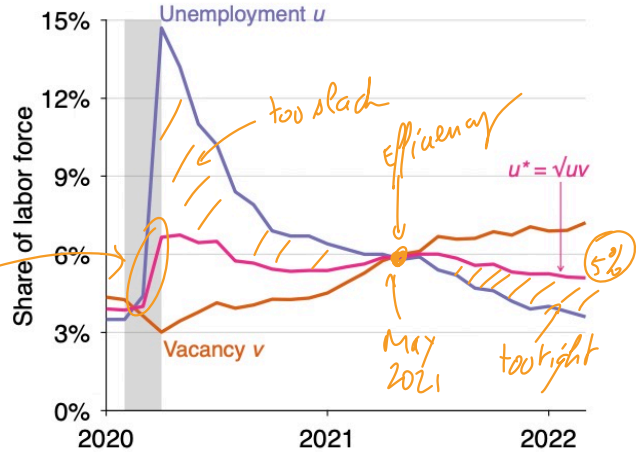
Efficient unemployment rate \rightarrow "full employment"

Compute $u^* = \sqrt{uv}$ to know policy target

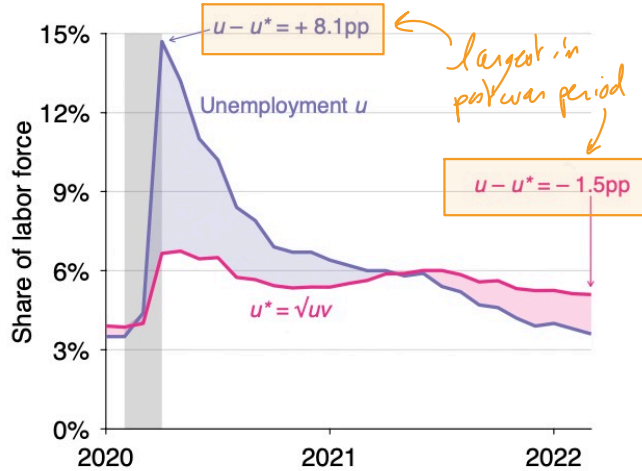
Illustration w/

post-pandemic US data:

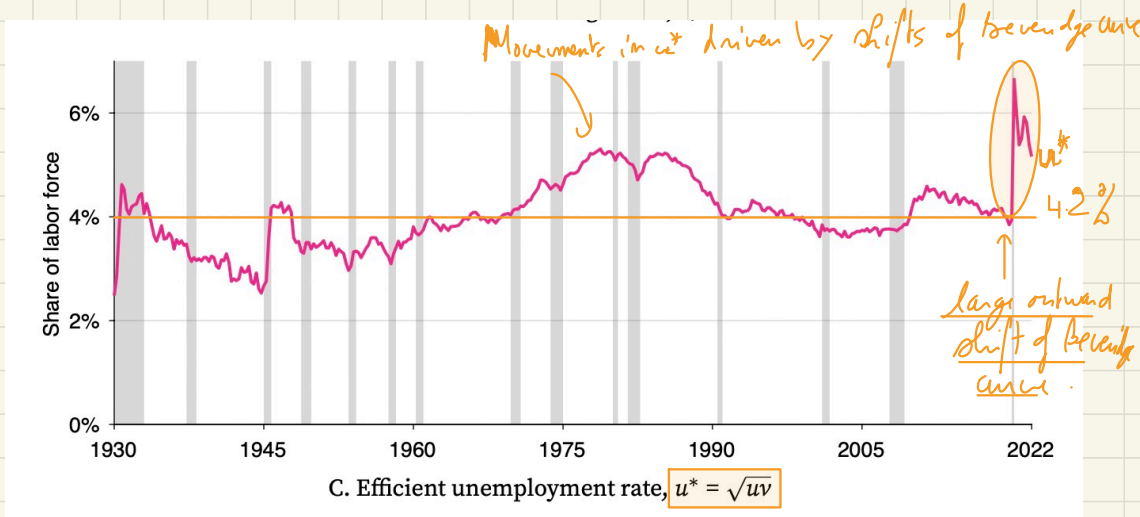
Outward shift of the Beveridge curve.



$$\text{Unemployment gap} = u - u^*$$



u^* in the US, 1930-2022:



- Average $u^* \approx 4\%$
- u^* is very stable, almost always in $[3\%, 5\%]$
- Large increase after Covid-19 due to outward shift of Beveridge curve.

Shift of the US Beveridge curve after Covid-19

JOLTS data, 2000-2022

Bewendge diagram →

US, 2000-2022

