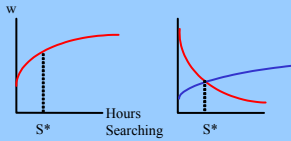
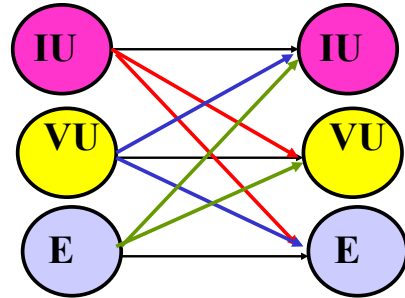


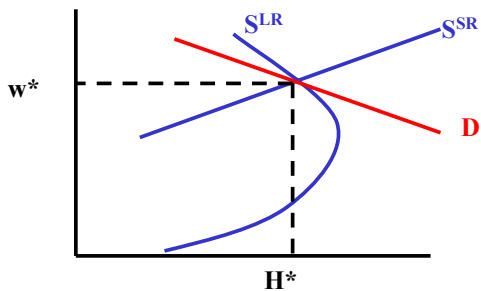
Economists and Unemployment



The Process



Economists and Unemployment



The Economics of Search

- If I spend more time searching, I can get a better deal.

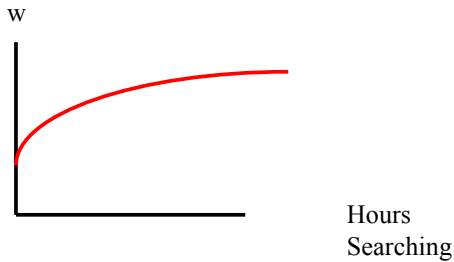
The Economics of Search

- If I spend more time searching, I can get a better deal.
 - I will pay less for a new car
 - I will get a better deal on....
 - I will get a higher paying job

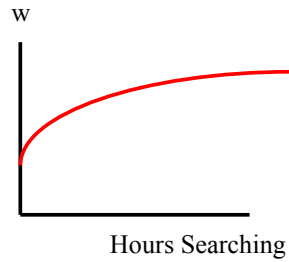
The Economics of Search

- If I spend more time searching, I can get a better deal.
 - I will pay less for a new car
 - I will get a better deal on....
 - I will get a higher paying job
- But time is money

The Economics of Search

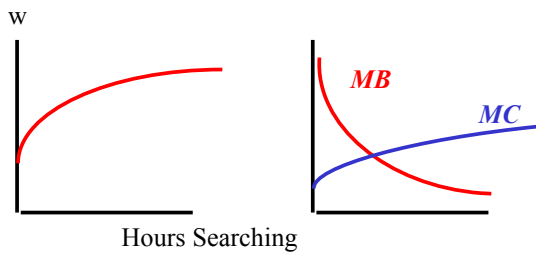


The Economics of Search

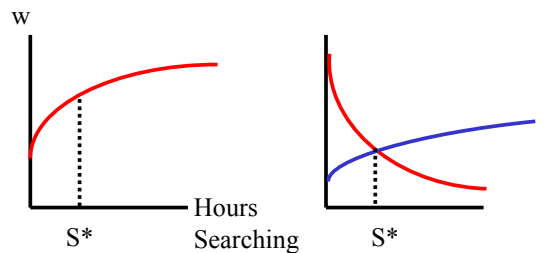


- Every hour I spend searching brings a higher wage.
- Every hour costs something

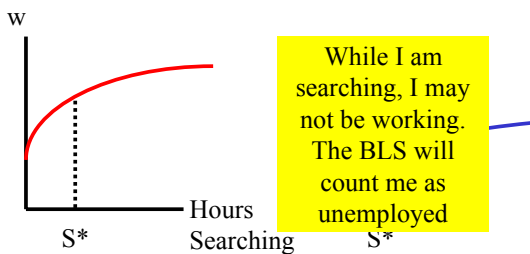
The Economics of Search



The Economics of Search



The Economics of Search



What is going on

- Search. People search for the right jobs and employers search for the right employees.

What is going on

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- Search takes time.
- People searching are *unemployed*.

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From the perspective of an employer

- You are running a business. You have a vacancy.
 - You are expanding, or someone quit or got fired.
 - Should you take the first applicant? Not necessarily.

Complications

- In many cases, search will lead you to decide to leave the labor market or never to enter the market.
- You may be able to do your search while still holding your old job.
- Your search may be complicated by uncertainty or error about your market wage rates.

End

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