

UNEMPLOYMENT IN CROATIA

1. Introductory

- Labor market - Place where supply and demand ensure employment of workers in a society that determines the basic price of the individual tasks
- Workforce - total number of people who are employed full or part-time, temporary, or looking for work
- Unemployment rate - ratio of the number of unemployed and the total available resources of labor, expressed as a percentage

2. Effects of financial crisis on unemployment rate

- ↑ unemployment rate in Eurozone

3. Situation on the labor market in December 2009.

- Employees: 1,504,138
- Unemployed: 255,491
- Unemployment rate: 15.7%

4. Negative consequences of unemployment

- The closure of a local factory with the loss of hundreds of jobs can have a large negative multiplier effect on both the local and regional economy. can lead to a drop in demand for local services, downward pressure on house prices and 'second-round employment effects' for businesses supplying the factor or plant that closed down.
- If some people choose to leave the labour market permanently because they have lost the motivation to search for work, this can have a negative effect on long run aggregate supply and thereby damage the economy's growth potential. this can have powerful deflationary forces on prices, profits and output. Budget deficit – lead to government borrowing., spending on unemployment benefits
- The government loses out because of a fall in tax revenues and higher spending on welfare payments for families with people out of work. The result can be an increase in the budget deficit which then increases the risk that the government will have to raise taxation or scale back plans for public spending on public and merit goods.

5. Positive consequences

- Fear of job losses leading to reduced trade union power
- it increases the pool of available labour for businesses wanting to expand and take on more workers

6. Possible solutions for our unemployment



DEBATE TIME !!! 😊