

File:ED Section 6, equation 2

6.3.3.1.png

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Given that employment gap, an initial calculation of the unemployment rate (LABUNEMPR) can be made. It is initial in that the employment gap could even be negative if labor demand exceeds supply. This initial value is used to compute the Diff1 term in comparison with the temporally changing labor unemployment target as described earlier even if the unemployment rate is negative, because allowing that provides the clearest signal back to the labor demand and supply coefficients in the pursuit of equilibrium.

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This page was last edited on 10 May 2023, at 18:56.