

Practice Synthesis

The misbalance of the world labor markets became a prevalent phenomenon in recent years. Rapid changes of required professions force people to obtain a qualification in other fields of activity, but many potential workers still remain unemployed for a long time. Due to that, the requests of an insurance coverage for unemployment became more frequent. However, it is necessary to state that despite the provision of a considerable financial support for unemployed citizens, unemployment insurance is able to provoke serious economic expenses for states.

According to Henry S. Farber and Robert Valletta, the contemporary impact of unemployment insurance rates in the USA became far higher comparing to 1970s and 1980s due to the fact that significant amount of layoffs was prevalent during the Great Recession. Thanks to the supplementation of unemployment insurance programs many citizens became able to preserve their habitual financial costs until another job are found. Moreover, the study of the effect of an unemployment coverage extension in the USA approved that enhanced unemployment benefits are positively correlated with state unemployment rates. Based on this, it can be deduced that state unemployment coverage appears to be a required tool to maintain the welfare of citizens since only private insurance programs cannot provide a relevant level of compensation. Nevertheless, in my opinion, unemployment insurance may even contribute to increasing the level of unemployment in a long-term perspective.

Although the advantages of unemployment insurance are quite clear, it creates premises for lowering the eagerness of unemployed workers to perform a job searching. Thus, vast financial expenses for a significant period of time contribute to exacerbating an unemployment situation. Ultimately, unemployed workers become reluctant to seeking a new job since they realize the fact that unemployment coverage allows keeping a trivial way of living without working. As the result, being once dismissed, unemployed citizens have no desire to work again, thereby, increasing unemployment rates and considerably reducing state's budget. Even despite the fact that many state unemployment insurance programs involve a strictly determined term of compensation, after its expiration, people become frequently denied in application to new jobs since a required knowledge and skills are forgotten.

To conclude, unemployment insurance is definitely a relevant and necessary service that must be introduced in every developed state. However, an excessive compensation for unemployment discourages people to deprive themselves of such status. Therefore, unemployment insurance programs should be supplemented with provisions and limit a possibility for certain categories of unemployed people to obtain compensation.