UNEMPLOYMENT IN THE UNITED STATES, MEXICO AND CANADA

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ABSTRACT

In this article we analyze the last 33 years (1991-2023) of unemployment (as % of the total labor force) in the United States, México, and Canada, which are country members of the new USMCA trade agreement, treaty that replaced the North American Free Trade Agreement since July 1, 2020. Unemployment is one of the preferred indicators used by researchers when analyzing the current state of the economy in a specific country or region; economic investments in education and training are strategies to provide people with the skills necessary to succeed in a variety of sectors. This essay proposes diverse strategies for reducing unemployment, including stimulating economic growth, attracting foreign investment, providing tax incentives and subsidies to small and medium-sized enterprises, and designing tax regulations to encourage businesses to invest in their workforce's skills. A nonparametric comparison of unemployment distributions was conducted, and a relative ranking of unemployment level (high, medium, and low) was assigned.

***Keywords**: Labor force; unemployment; USMCA trade agreement; strategies for reducing unemployment; Kruskal-Wallis test*

1. INTRODUCTION

Unemployment has become a worldwide issue especially in the areas of industry, agriculture, and services. "*The Great Recession of 2008 is the deepest that many countries of the OECD have experienced since the 1930s*" (Pissarides, 2013). Since 2008, countries have been working on strategies *come back* from the economic crisis that hit most countries in the OECD except for Germany who survived almost unaffected; one of the fixes to the unemployment crisis from the OECD was the creating of nonstandard employment (NSE). *"More than half of all jobs created since 1995 were nonstandard jobs and NSE accounted for about one-third of total employment in 2013"* (Wang, 2019). NSE is employment where firm's strategies tend to cut costs and be more flexible by allowing employees to work from home to help reduce charges, which has assisted to expanding the service sector, availability of innovative technology, and labor market deregulation. It is through this flexibility that *companies* will continue to decrease unnecessary overhead while putting people to work (Robertson, 2021). The more people in the country who are employed the better. Employed personnel contribute to the economy through taxes as well as decrease the overall impact on a government's economy for social assistance otherwise provided by the government if the individual was not employed.

Furthermore, it is important to mention that the OECD has been involved in addressing youth unemployment (aged 15-24), which represents all young people between these ages who are able to work but cannot find a job after continuous attempts over a period of at least four months.

Unemployment is one of the indicators econometricians, statisticians and policymakers look at when understanding the current state of the economy (Miller, 2020) and predicting the future level of the economy of a specific country or region. The other factors economists look at include gross domestic product (GDP), inflation, and interest rates; here we propose to include exchange rates; because together, these five indicators would improve the analysis and predictions about the overall performance of a country or region's economy.