The Unemployment Rate of Spain

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Why is the unemployment rate in Spain one of the highest in the world? Does the high price of unemployment insurance and benefit compensation play a major role in the unemployment rate? With Spain paying such high unemployment compensation there is less incentive for the unemployed to find jobs and therefore the unemployment rate is less likely to decline. A model which identifies the job separation rate (s) and the job finding rate (f) as key components of the natural rate of unemployment will be used to consider this important issue. The Bank of Spain will serve as the primary data source. It is anticipated that the government's fiscal policies with regard to the earnings of the unemployed have a direct effect on why the unemployment rate is so high.