The purpose of this paper is to discuss the reasons for different unemployment rates in Europe and in the U.S. It focuses on the pre-recession period however and does not discuss the results of the recession. The paper also compares the U.S. and Turkish labor markets in terms of flexibility and draws some results for Turkey. In this paper, the U.S. is considered a flexible model and Turkey a rigid model. Since 2001, unemployment is one of the most serious problems in Turkey. Despite rapid economic growth in 2000s, the job creation capacity of the economy has not improved, and high unemployment still remains a worrisome problem.