

# Economic Perspectives

## Employment In Historical Perspective

### Depression Era Unemployment

With all the bad employment news, many wonder if we are destined to repeat the Great Depression. Despite some similarities, the probability of depression is very low. The following are depression era unemployment rates. The 1920's were an era of prosperity while 1930—1934 were the worst years of the depression. Employment rose again when the U.S. entered World War II in 1941.

Year	Unemployment
1929	3.14
1930	8.67
1931	15.82
1932	23.53
1933	24.75
1934	21.60
1935	19.97
1936	16.80
1937	14.18
1938	18.91
1939	17.05
1940	14.45
1941	9.66

## Largest job losses in American history

Year	Job Loss
Sep 1945	-1,966,000
Oct 1949	-834,000
Jan 2009	-741,000
Dec 2008	-681,000
Mar 2009	-663,000
Jan 2009	-655,000
Feb 2009	-651,000
Jul 1956	-629,000
Dec 1974	-602,000
Nov 2008	-597,000
Feb 1946	-589,000
Feb 1958	-501,000

SOURCE: U.S. Census Bureau

Recent losses have been among the worst in the Post War era.

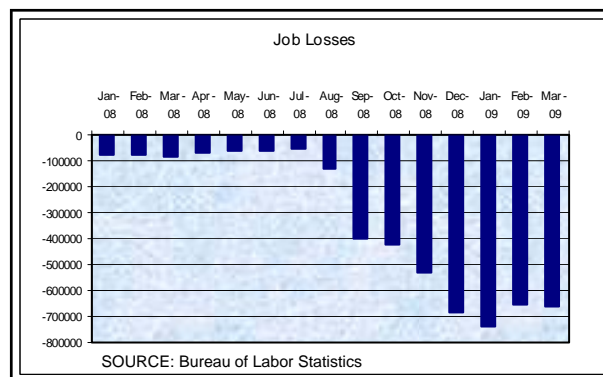
## U.S. sheds another 663,000 jobs in March

Unemployment rate grows to 8.5%

April 3, 2009

**N**on farm payrolls fell in March by 663,000 jobs. At the same time, the Labor Department reported a revision to January numbers when the revised loss was 741,000 jobs. About 5.5 million jobs have been lost since the recession officially began in December 2007. Of those, 3.7 million have been in the last six months. That represents about 2.7% of the nations labor force and is the largest loss in 50 years. The number of unemployed persons is now 13.2 million having increased by 694,000 in March. March job losses brought the U.S. unemployment rate to 8.5%, up from 8.1% a month earlier. Over the last 12 months, the nation's unemployment rate has risen 3.4%. That represents 5.3 million newly unemployed over the year. The rate is now the highest since November 1983.

March job losses were widespread across most sectors and geographies. Component industries (those producing parts for auto, computer and other industries) lost 161,000 jobs in factory employment. Factory employment has lost 1.0 million jobs over the last six months.



SOURCE: Bureau of Labor Statistics

The construction industry lost 126,000 jobs in March as declines migrate from residential to commercial construction and also expand to geographical areas previously untouched. Construction employment has fallen by 1.3 million jobs since peaking in January 2007. Roughly half that decline has been over the last five months.

Business and professional service employment declined by 133,000 jobs in March while retail trade employment fell by 48,000. Since

peaking in November 2007, retail sector employment declines have averaged 44,000 per month. Building materials, auto dealerships and appliance retailers accounted for much of the decline.

Employment in financial activities continued to decline in March. The number of jobs in that sector has declined by 495,000 since it peaked in December 2006.

The number of persons working part time for economic reasons (involuntary part time workers) grew by 423,000 to 9.0 million persons in March. At the same time, those marginally attached to the labor force is now about 2.1 million having grown by 754,000 from a year earlier. Persons in this category are ready and able to work but were not counted as unemployed because they had not searched for work in the last four weeks. Included in the marginally attached category were 685,000 discouraged workers. This is up 284,000 from a year earlier. The category includes those who do not believe there is work available for them.

**Initial Claims.** In a separate report, the Labor Department reported Thursday that first time claims for unemployment (“Initial Claims”) rose 12,000 to 669,000 claims the week of March 28th. That is the highest level since 1982. Claims have risen 72% over the same period a year ago. The prior week (March 21st) saw claims jump to 656,750, a 96% increase from the same period a year ago.

Questions, comments, observations, suggestions or additional information?

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