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Statistical Update



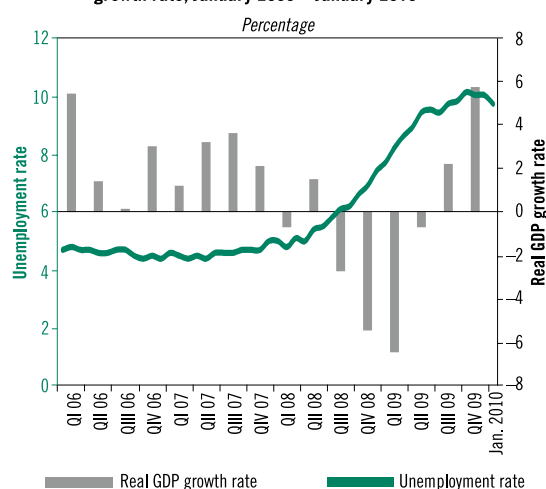
International
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UNITED STATES: HIGHER NUMBERS OF UNEMPLOYED AND REDUCED HOURS OF WORK DUE TO THE CRISIS

The unemployment rate has remained high despite renewed GDP growth in the second half of 2009

- Real GDP growth contracted sharply in the second half of 2008 and first quarter of 2009, leading to a modest annual growth rate of 0.4 per cent in 2008 and a contraction of 2.4 per cent in 2009.
- The decrease in real GDP in 2009 reflected negative contributions from non-residential fixed investment, exports, private inventory investment, residential fixed investment, and personal consumption expenditures.
- The unemployment rate reached a peak of 10.1 per cent in October 2009, the highest rate since 1983 and 2.6 times the recent low recorded in 2000.
- The unemployment rate declined modestly in January 2010, to 9.7 per cent.

Figure 1. Monthly unemployment rate and quarterly real GDP growth rate, January 2006 – January 2010



Source: U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics. Seasonally adjusted data. GDP growth rates show percentage change from preceding quarter.

- Total employment has fallen by 8.4 million from its peak in December 2007. Despite the toll on workers, the stimulus package averted larger job losses by saving and creating 2 million jobs.

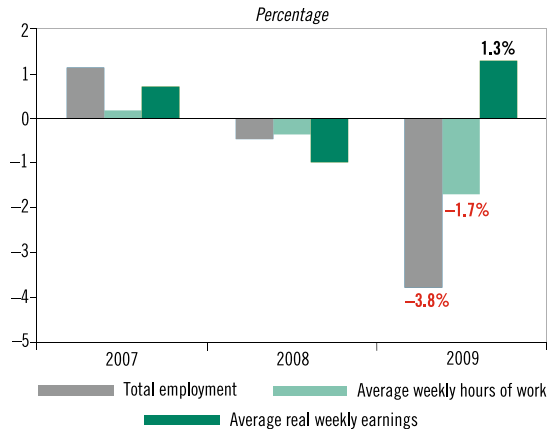
Key fiscal stimulus measures seek to strengthen social protection and improve employment prospects

- In February 2009, the United States signed into law the American Recovery and Reinvestment Act (ARRA), a US\$787 billion spending bill to stimulate the American economy.
- Three main components of the stimulus spending included: i) roughly US\$300 billion in tax breaks for individuals and businesses; ii) more than US\$250 billion in direct aid to states and individuals; iii) almost US\$200 billion to modernize and improve infrastructure.
- The Recovery Act allocated US\$82.5 billion in aid to strengthen social protection and improve employment prospects through labour market programmes, including: (i) an extended unemployment insurance programme; (ii) food stamps; (iii) health insurance for the unemployed, COBRA; (iv) training grants for green jobs and emerging industry sectors; and, (v) work-sharing programme.
- In December 2009, U.S. House of Representatives approved the so-called “Jobs Bill” worth \$154 billion to be considered by the Senate in early 2010. The initiative would be used for construction projects such as highway repair works, relief for the jobless, and provide funds to avoid layoffs of teachers, police and other public employees.
- A new “Hire Now” Tax Cut Act of 2010 legislation was introduced to the Senate in February 2010 and aims at encouraging businesses to hire new workers. Under this bill, businesses that hire someone who has been unemployed for at least 60 days will not have to pay the 6.2 per cent employer’s share of payroll taxes on that worker for the duration of 2010.

Employment and hours of work declined sharply in 2009

In 2009, employment and hours of work fell 3.8 per cent and 1.7 per cent respectively while weekly earnings recovered the losses suffered in 2008.

Figure 2. Change in total employment, weekly hours of work and real weekly earnings, 2007 – 2009

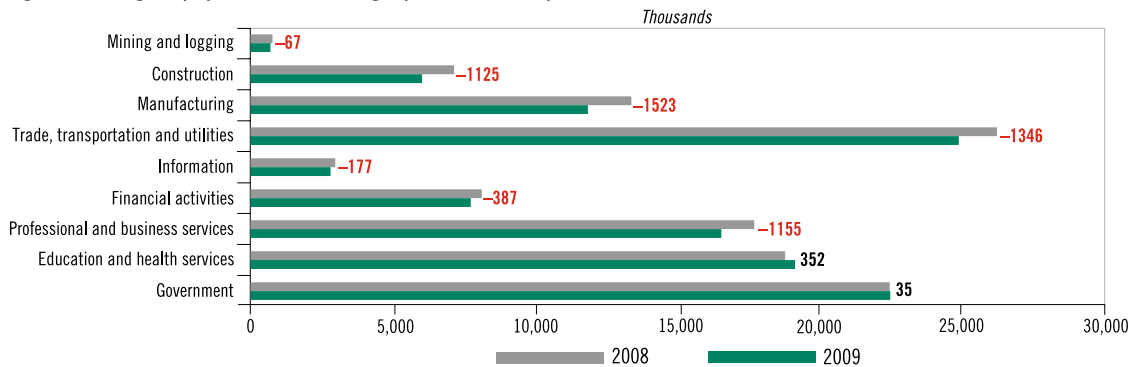


Source: ILO based on data from the U.S. Bureau of Labor Statistics. Employment data based on Current Population survey; hours and earning data cover employees and are based on Current Employment Statistics survey. Average real weekly earnings refer to earnings of all employees in 1982–1984 dollars.

Employment declines were widespread across industries on average in 2009, the year of greatest job loss

- Nearly all industries have shed workers since the onset of the recession. Ongoing long-term structural declines in employment in certain industries, particularly in manufacturing and information activities, have deepened.
- In 2009, manufacturing suffered the highest job losses (1.5 million); followed by trade, transportation and utilities (1.3 million); professional and business services (nearly 1.2 million) and construction (1.1 million). The number of employees in the largest economic sector – wholesale and retail trade, transportation and utilities – is about 6 per cent below the pre-crisis level, falling to 24.9 million in 2009. There are recent signs of improvement in manufacturing production, construction of single family homes, and consumer spending, that have, however, yet to be translated into job growth.
- The ARRA is contributing to the creation and/or retention of jobs in particular in the construction and education sectors. However, given the severity of the crisis even the full realization of the ARRA funds and the recently approved “Jobs Bill” appear to be insufficient to offset the extent of jobs losses across sectors in the near future.

Figure 3. Average employment level and change by economic activity, 2008–2009



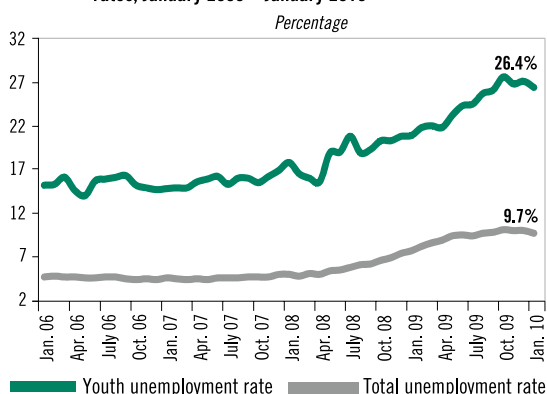
Source: U.S. Bureau of Labor Statistics, Current Employment Statistics survey. Data refer to employees. Figures next to the bars reflect year-over-year changes in employment.

Youth have experienced a sharper increase in unemployment rates following the crisis than the total unemployed group

- The spread between youth and total unemployment rates averaged about 11 percentage points in 2006–2007 and nearly 14 percentage points in 2008–2009, as youth unemployment rates increased more than total unemployment rates during the crisis.

- The youth unemployment rate stood at 26.4 per cent in January 2010, nearly double the recent low of 14 per cent in May 2006.
- The labour force participation rate among youth has continued its recent downward trend reaching a low of 35.2 per cent in January 2010 (from a recent peak of 44.3 per cent in June 2006). Young people who are outside the labour force may return to school to sharpen their job skills or in some cases join the ranks of discouraged workers.

Figure 4. Monthly youth unemployment and total unemployment rates, January 2006 – January 2010

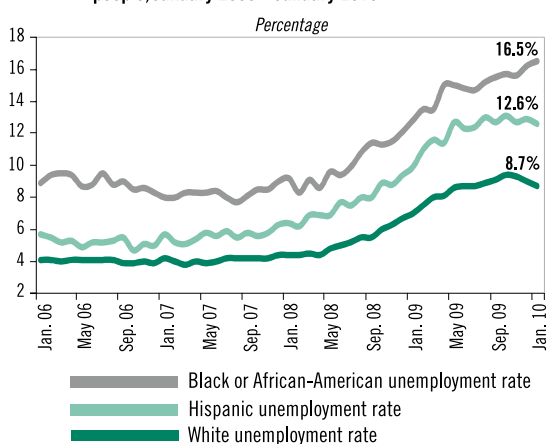


Source: U.S. Bureau of Labor Statistics. Seasonally adjusted data.

All race and ethnic groups have experienced sharp increases in their unemployment rates since the onset of the recession

Despite increases in unemployment among all race and ethnic groups, rates in January 2010 remained substantially higher among black or African American jobseekers (16.5 per cent) and Hispanics (12.6 per cent) than their white counterparts (8.7 per cent), suggesting particular labour market hardships for the former groups.

Figure 5. Monthly unemployment rate for white, black and hispanic people, January 2006 – January 2010

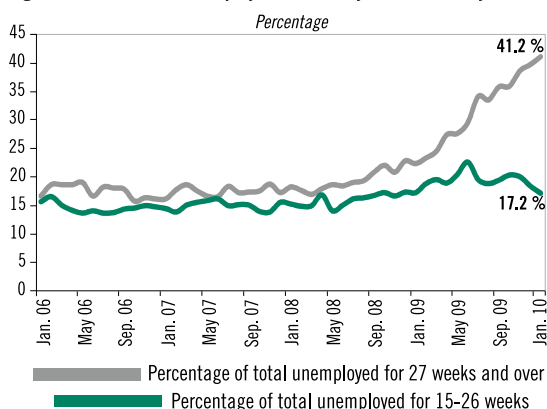


Source: U.S. Bureau of Labor Statistics. Seasonally adjusted data.

Long-term unemployment has risen steeply

- Long-term unemployment (persons unemployed for longer than 6 months) rose to 41.2 per cent in January 2010 from a recent low of 16.2 per cent in January 2007.
- These unemployed persons run the risk of becoming discouraged and falling into poverty.

Figure 6. Duration of unemployment, January 2006 – January 2010

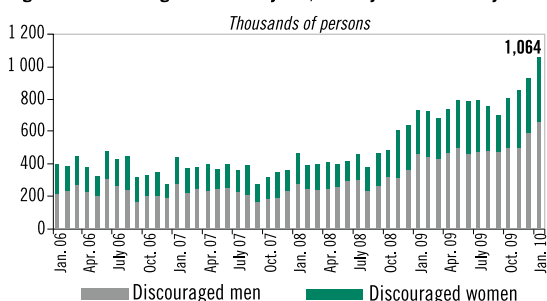


Source: U.S. Bureau of Labor Statistics. Seasonally adjusted data.

The number of discouraged workers has grown sharply

- As long-term unemployment has continued to rise, the number of discouraged workers (individuals who are not currently looking for work because they believe no jobs are available for them) rose to over 1 million in January 2010 compared with the most recent low of 396,000 in January 2006.
- This is the highest level of discouraged workers since the redefined series of this indicator began in 1994.

Figure 7. Discouraged workers by sex, January 2006 – January 2010

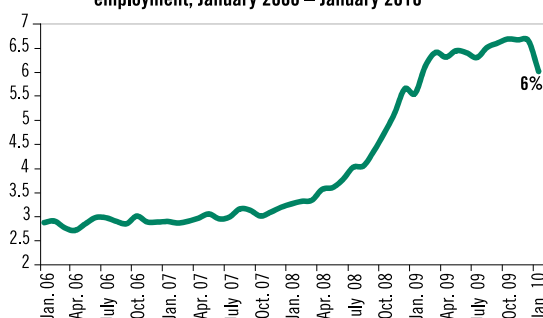


Source: U.S. Bureau of Labor Statistics. Not seasonally adjusted data.

Part-time workers for economic reasons more than doubled during the recession

- Although declining employment has been the main labour market adjustment mechanism during the recession, many working Americans have also experienced a decline in hours of work.
- The number of people who were working part time for economic reasons and wished to work more hours as a percentage of total employment more than doubled since the start of the recession to a high of 6.7 per cent in October 2009. This indicator has since fallen to 6 per cent in January 2010.

Figure 8. Time-related underemployment as a percentage of total employment, January 2006 – January 2010

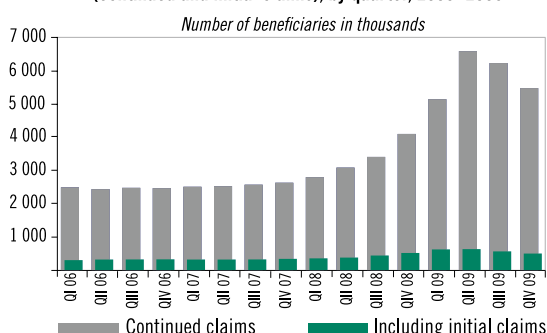


Source: U.S. Bureau of Labor Statistics. Seasonally adjusted data. Refers to those who worked 1 to 34 hours during the reference week for an economic reason such as slack work or unfavourable business conditions, inability to find full-time work, or seasonal declines in demand.

Unemployment insurance claims rose sharply in the first half of 2009

- Unemployment insurance claims (continued claims) rose from about 2.5 million in the pre-crisis period to nearly 6.6 million at the peak in the second quarter of 2009.
- Despite a decline in continued claims in the second half of 2009, the level remained relatively high, nearly 5.5 million in the fourth quarter of 2009, still more than double the pre-crisis level.

Figure 9. Unemployment insurance claims (continued and initial claims), by quarter, 2006–2009



Source: ILO, based on official administrative records of unemployment insurance weekly claims from the U.S. Department of Labor.

The Unemployment Insurance weekly claims data are used in current economic analysis of unemployment trends in the nation, and in each state. Initial claims measure emerging unemployment and continued weeks claimed measure the number of persons claiming unemployment benefits. Seasonally adjusted data.

Economic and labour market outlook looks somewhat brighter in 2010

- Following 0.1 per cent growth in the fourth quarter of 2009 vis-à-vis the same quarter in 2008, real GDP growth in the fourth quarter of 2010 is forecast to be between 2.5 and 3.3 per cent according to projections by the US Federal Reserve.
- The unemployment rate is expected to show a modest decline in the short term, from 10 per cent in the fourth quarter 2009 to a projected range of between 8 and 8.3 per cent in the fourth quarter of 2010, according to the US Federal Reserve.
- Despite indicating a decline, these levels are still considerably higher than pre-crisis levels. High levels of unemployment among youth and race/ethnic minorities as well as time-related underemployment and discouraged workers should be of special concern to policymakers.
- Recently introduced legislative measures which focus specifically on getting the jobless back to work and supporting businesses to hire new workers highlight the government's commitment to address the jobs crisis.
- The U.S. Labor Department's promotion of "Good Jobs for Everyone" is an important step toward ensuring that those employed are well prepared for twenty-first century jobs while protecting their rights, safety and health.
- A more decisive response from the private sector will be needed to get the unemployed back to work. Both stronger private consumption and investment need to pick up to achieve a sustainable recovery.