

The labor market in 2009: recession drags on

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ABSTRACT

In 2009, the unemployment rate reached double digits, the employment-population ratio fell sharply, and the numbers of unemployed, discouraged workers, and involuntary part-timers rose.

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EXCERPT

The United States economy was in a recession when 2009 began. The National Bureau of Economic Research (NBER) had designated December 2007 as the beginning of the recession, and labor market conditions had deteriorated throughout 2008.¹ The financial crisis in the fall of 2008 had resulted in steep declines in employment and sharp increases in unemployment that carried into the first part of 2009. Although job losses moderated as the year progressed, the number of unemployed people age 16 and over stood at 15.4 million in the fourth quarter of 2009. The unemployment rate, already high by historical standards at the beginning of the year, reached 10.0 percent during the last quarter of 2009, higher than at any time since the early 1980s. (See chart 1.) The unemployment rate for men, 11.2 percent in the fourth quarter of 2009, was the highest in the history of the series, which began in 1948.

The number of employed people age 16 and over, as measured by the Current Population Survey (CPS), was 138.1 million in the fourth quarter of 2009, 5.8 million lower than a year earlier.² The over-the-year percentage decline in employment (4.0 percent) was the largest on record. (For a comparison of the employment measures available from the CPS with those from the Current Employment Statistics survey, see the box on page 5.) Reflecting the sharp decrease in employment, the employment-population ratio dropped by 2.9 percentage points over the year, to 58.4 percent in the fourth quarter of 2009. (See chart 2.) The decline in the employment-population ratio during 2009 was the largest over-the-year decrease in the history of the series, which dates back to 1948.

Although unemployment rose and employment declined in 2009, the decrease in labor force participation was relatively small.³ The labor force participation rate fell by 1.0 percentage point over the year, to 64.9 percent in the fourth quarter of 2009.

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Footnotes

¹ The NBER, the generally recognized arbiter of recessions in the United States, has designated December 2007 as the beginning of the most recent recession. The NBER has not yet determined an endpoint for the most recent recession.

² The data in this article are based on information collected in the CPS, which is a survey of about 60,000 households nationwide; the CPS is sponsored jointly by the Bureau of Labor Statistics and the Census Bureau. (For more information about the CPS, see the box on page 5.) Although the CPS is a monthly survey, the data analyzed throughout this article are seasonally adjusted quarterly averages, unless otherwise noted. All over-the-year changes unless otherwise noted are comparisons of fourth-quarter data from 2008 with those from 2009.

³ The labor force participation rate is the civilian labor force as a percent of the civilian noninstitutional population. The labor force is the sum of the employed and unemployed. (A person cannot be considered "unemployed" if he or she is not in the labor force.)

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