

Lecture 4

Some Data on Unemployment Rates and Flows

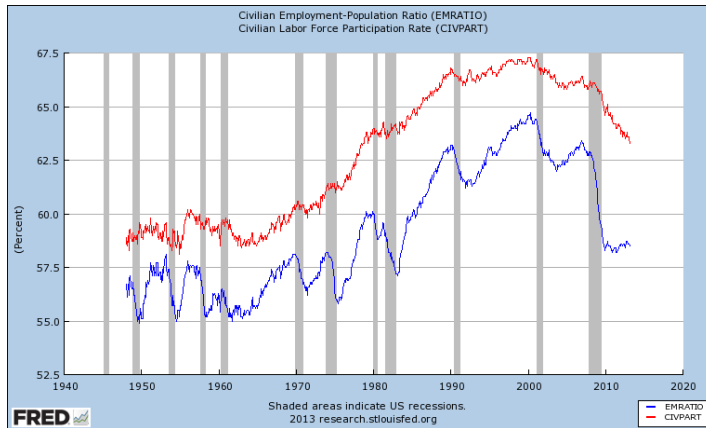
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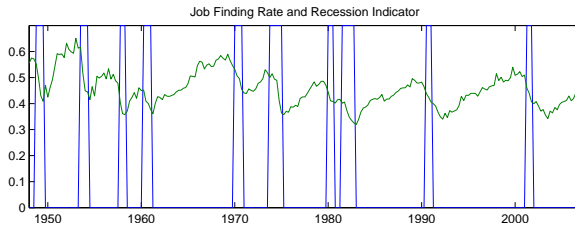
Economics 714

- US Labor Force in Sept. 2012: 142 million people
- US working age population in 2012: 243.4 million people
- Labor force participation rate of about 63.6%.
Employment-population ratio of 58.7%
- Between 1967 and 1993 the average job loss rate was 2.7% per month, average job finding rate was 43%, and average unemployment rate 6.2%.
- In September 2012 job loss rate was 1.3% per month (with 2.5% going out of labor force), finding rate was 19%, and unemployment rate was 9.1%.
- Large differences in employment, unemployment, and their evolution in US and Europe.

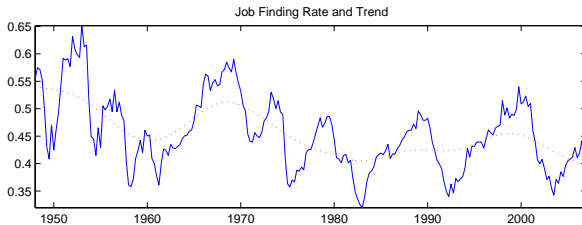
Employment/Population and Participation Rates



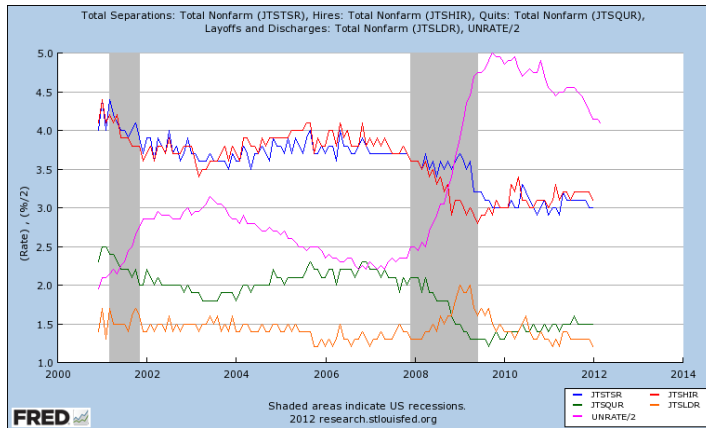
Separation Rate and Job Finding Rate



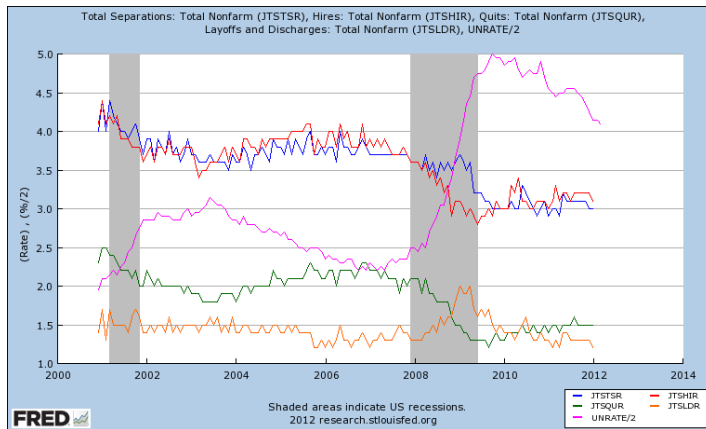
Separation Rate and Unemployment Rate



Separations and Hires



Separations and Hires



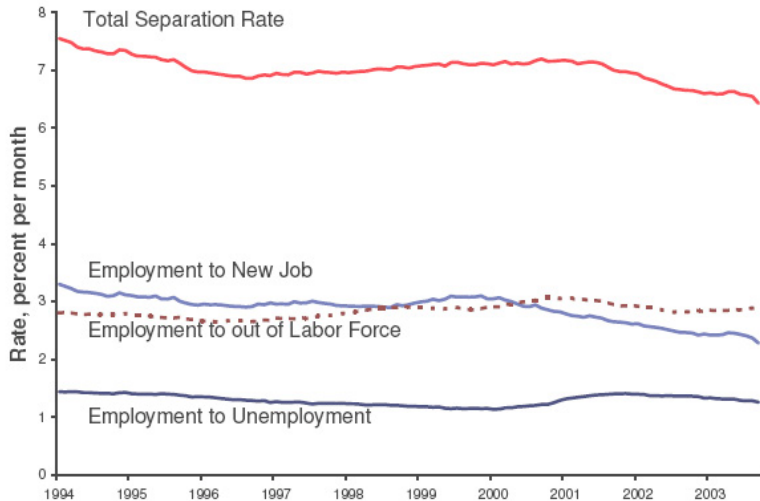


Figure 4. Separation Rate Measured in the CPS, 1994-2004

		<i>From</i>		
		<i>Not in labor force</i>	<i>Unem- ployed</i>	<i>Working</i>
To	Not in labor force	92.8	22.7	3.2
	Unemployed	2.5	49.6	1.5
	Working	4.7	27.6	95.4

Table 2. Transition Matrix for the CPS, 1967-2004, Percent per Month

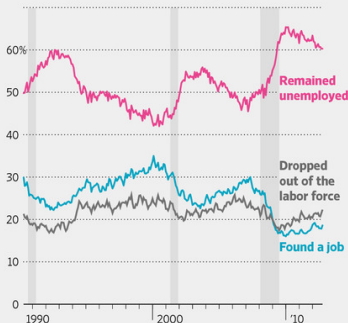
Source: Robert Shimer's tabulations of raw data from the CPS

Perpetual Motion

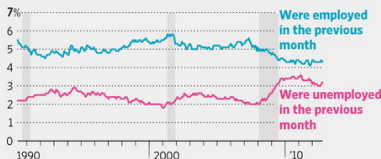
Behind the monthly jobs numbers are millions of individual movements as people find jobs and lose them, retire and graduate. Together, those movements help reveal the underlying state of the labor market.

HISTORICAL FLOWS, OR PATTERNS OF CHANGE, IN LABOR-FORCE STATUS

What happened to the unemployed



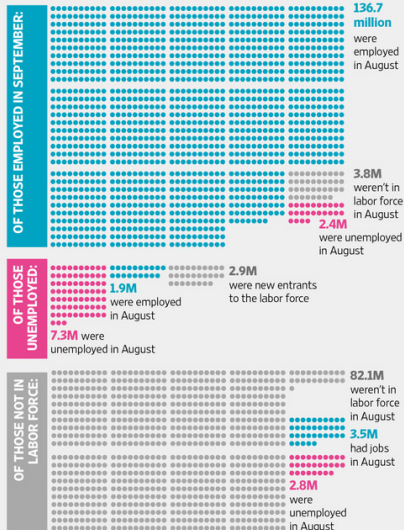
Of those who left the labor force each month:



Notes: Three-month moving averages are used in flow calculations; data are seasonally adjusted

SEPTEMBER 2012 SNAPSHOT

EACH CIRCLE = 100,000 PEOPLE



*Not adjusted for population growth

Source: Labor Department

The Wall Street Journal

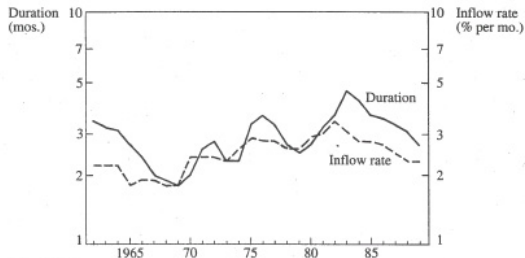
Length of Unemployment Spells

Unemployment Spell	8/89	10/92	10/06	3/11
< 5 weeks	48%	35%	38%	18%
5 - 14 weeks	31%	28%	31%	22%
15 - 26 weeks	11%	14%	14%	15%
> 26 weeks	9%	23%	16%	46%

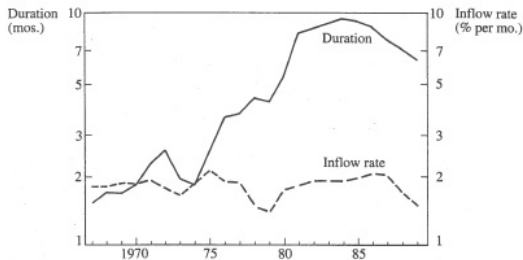
- Other countries: in Germany, France or the Netherlands about two thirds of all unemployed workers in 1989 were unemployed for longer than six months.

Table 1: Unemployment and long-term unemployment in OECD

	Unemployment (Per cent)			Long-term unemployment of six months and over (Per cent of total unemployment)		
	1974–79 ^a	1980–89 ^a	1995 ^b	1979 ^c	1989 ^d	1995 ^e
Belgium	6.3	10.8	13.0	74.9	87.5	77.7
France	4.5	9.0	11.6	55.1	63.7	68.9
Germany ^g	3.2	5.9	9.4	39.9	66.7	65.4
Netherlands	4.9	9.7	7.1	49.3	66.1	74.4
Spain	5.2	17.5	22.9	51.6	72.7	72.2
Sweden	1.9	2.5	7.7	19.6	18.4	35.2
United Kingdom	5.0	10.0	8.2	39.7	57.2	60.7
United States	6.7	7.2	5.6	8.8	9.9	17.3
OECD Europe	4.7	9.2	10.3
Total OECD	4.9	7.3	7.6

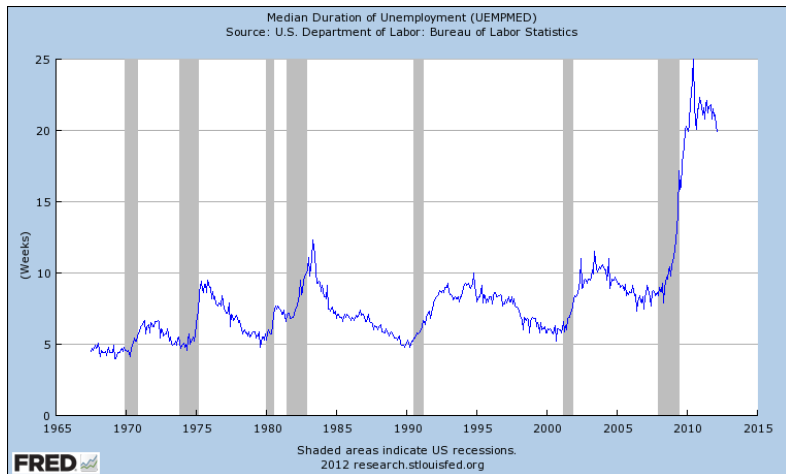


(a) USA



(b) Britain, males

Median Duration of Unemployment



The Beveridge Curve in the U.S., 2000-2013

United States, December 2000–June 2013

