The Bureau of Labor Statistics has compiled new statistics on employment change associated with business formation, expansion, contraction, and destruction. On September 30, quarterly data for the period September 1992 through December 2002 were released.

The new data illustrate substantial job churn in the US economy. In every three-month period of the last decade, more than seven million new jobs were created, and almost as many lost. The rate of new job creation increased steadily throughout the 1990s, peaking at over nine million in the fourth quarter of 1999 (of which two million were from new businesses). Since then, it has retreated to about 7.7 million in Q4 2002 (see left chart below). The early turn in job creation suggests this indicator might be a useful leading signal, although the limited historical data leave this open to question.

As a percent of total employment, job gains and job losses averaged a fairly constant 7 to 8½ percent of total employment each quarter in the private business sector prior to the 2001 recession (see right chart below).

The data also shed light on the problem of slow job growth in 2002-03. Job losses subsided after the 2001 recession, as would be expected. However, job creation did not pick up as quickly expected.

Total jobs created since mid-1992 were 342.1 million, and total job losses since mid-1992 were 323.7 million, a net increase of 18.4 million jobs.