



# US jobless rate is highest since Great Depression

May 8, 2020 - 11.04pm



Washington DC | The US unemployment rate hit 14.7 per cent in April, the highest rate since the Great Depression, [as 20.5 million jobs vanished in the worst monthly loss on record](#). The figures are stark evidence of the damage the coronavirus has done to a now-shattered economy.

The losses reflect what has become [a severe recession caused by sudden business shutdowns in nearly every industry](#). Almost all the job growth achieved during the 11-year recovery from the Great Recession has now been lost in one month.

The collapse of the job market has occurred with stunning speed. As recently as February, the unemployment rate was a five-decade low of 3.5 per cent, and employers had added jobs for a record 113 months. In March, the unemployment rate was just 4.4 per cent.

The government's report Friday noted that many people who lost jobs in April but didn't look for another one weren't even counted in the unemployment rate. The impact of those losses was reflected in the drop in the proportion of working-age Americans who have jobs - just 51.3 per cent, the lowest on record.



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Even those numbers won't fully capture the scope of the damage the coronavirus has inflicted on jobs and incomes. Many people who are still employed have had their hours reduced. Others have suffered pay cuts. Some who lost jobs in April and didn't look for a new one in light of their bleak prospects won't even be counted as

unemployed. A broader measure - the proportion of adults with jobs - could hit a record low.

The scale of the job loss has been breathtakingly sudden.

During the global financial crisis of 2008-2009, the nation lost 6.5 per cent of its jobs over a two-year span. It was the worst loss in any recession since World War II. Yet in just April alone, the expected job loss of 21 million would amount to 14 per cent of all jobs - more than twice as much.

Job losses and pay cuts are ranging across the world. [Unemployment in the 19-country eurozone is expected to surpass 10 per cent](#) in coming months as more people are laid off. That figure is expected to remain lower than the US unemployment rate. But it doesn't count many people who either are furloughed or whose hours are cut but who receive most of their wages from government assistance.

The Congressional Budget Office has forecast that the unemployment rate will still be 9.5 per cent by the end of next year. A paper by economists at the San Francisco Federal Reserve estimates that under an optimistic scenario that assumes shutdowns are lifted quickly, the unemployment rate could fall back to about 4 per cent by mid-2021.

But if shutdowns recur and hiring revives more slowly, the jobless rate could remain in double-digits until the end of 2021, the San Francisco Fed economists predict.



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Raj Chetty, a Harvard economist, is tracking real-time data on the economy, including consumer spending, small business hiring and job postings. Chetty noted the economy's health will hinge on when the viral outbreak has subsided enough that most Americans will feel comfortable returning to restaurants, bars, movie theaters and shops.

The data suggests that many small businesses are holding on in hopes that spending and the economy will rebound soon, he said. Small business payrolls have fallen sharply but have leveled off in recent weeks. And job postings haven't

dropped nearly as much as total jobs have. But it's unclear how much longer those trends will persist.

"There's only so long you can hold out," Chetty said.

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