

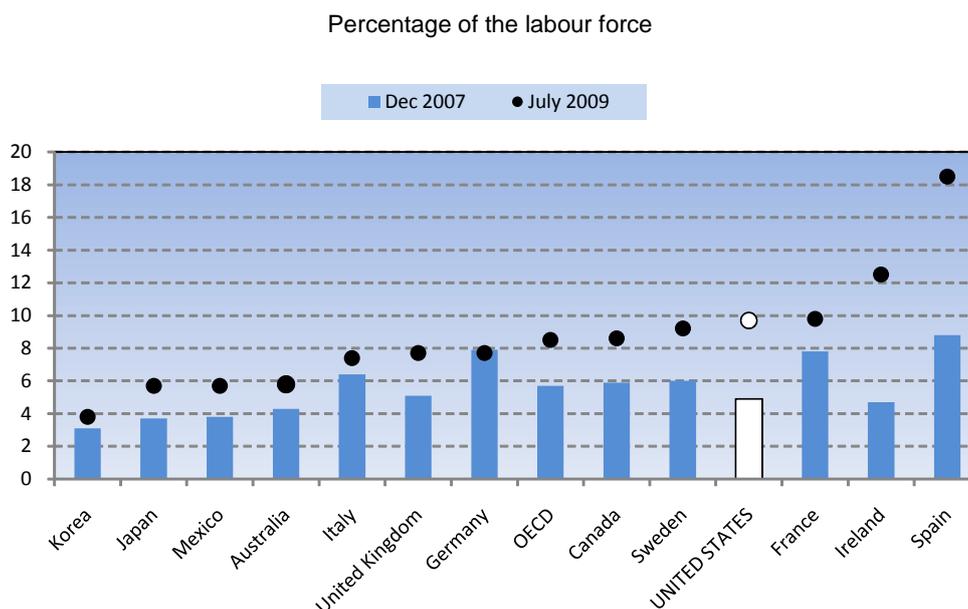


## Employment Outlook 2009 – How does the UNITED STATES compare?

**Unemployment was quicker to rise in the United States than in many OECD countries.** Like their Irish and Spanish counterparts, US workers were hit early and hard by the recession, largely because all three economies were buffeted by the collapse of a bubble in home construction. Since the recession began in December 2007, payroll employment has dropped by 6.9 million in the US and the unemployment rate increased by 4.8 percentage points to reach a 25-year high of 9.7% (Figure 1). Unemployment has risen much less sharply in many other OECD countries, including large economies such as Germany, Italy and Japan, which were slower to feel the effects of the economic downturn.

Despite signs that the recession is slowing, the *OECD Employment Outlook 2009* indicates that **the early stages of the economic recovery will be too muted to result in strong job creation.** As a result, the US unemployment rate is expected to continue to rise in the coming months to a little above 10% and to remain at that level through 2010. After several decades during which the US unemployment rate was below the rates in most OECD countries, the US rate is now a little above the OECD average.

Figure 1. Unemployment rates in December 2007 and July 2009 in selected countries



Note: Final month available is: March 2009 for Italy, May 2009 for the United Kingdom and August for Canada and the United States.  
Source: OECD.

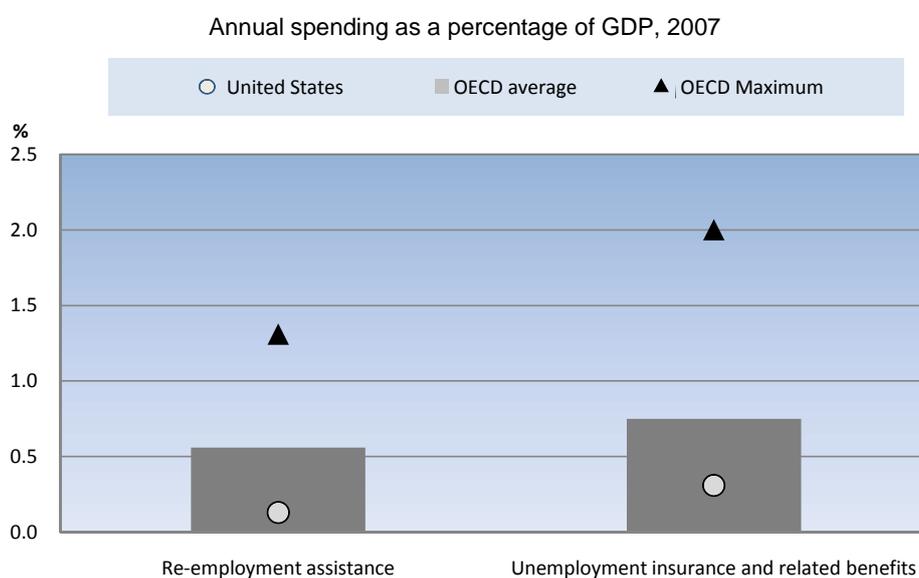
### **Youth, low-skilled and ethnic minority workers have borne the brunt of rising unemployment.**

The unemployment rate in the US rose by 4.8 percentage points during the first 20 months of the current recession, reaching 9.7% in August 2009. Over the same period, the increases in unemployment were significantly larger for teenagers, rising by 8.6 percentage points to an all-time high of 25.5%. Other groups seeing sharp rises include young adults by 5.9 percentage points, high-school dropouts by 8.1 percentage points, Blacks by 6.2 percentage points and Hispanics by 6.8 percentage points.



Even though the US has already reinforced the social safety net for workers and expanded educational and training options for the unemployed, **the OECD argues that more may need to be done to assist the unemployed**. When the recession began, government spending on labour market programmes was relatively low in the United States as compared with spending in most other advanced economies (Figure 2). While the recent increase in resources, including via the American Recovery and Reinvestment Act, is welcome, it may not be enough to support effectively all job seekers and some could be at risk of drifting into long-term unemployment and exclusion. Indeed, one in three unemployed persons in the US had been jobless more than six months by August 2009, the highest since records began in 1948.

Figure 2. **United States provides relatively little help to job losers**



Source: OECD Employment Outlook 2009, p. 61.

**The recession is also exacerbating in-work poverty.** The *OECD Employment Outlook* shows that, even before the beginning of the current economic recession, 12% of Americans living in a household containing one or more workers had a disposable income of less than 50% the median and could be considered as relatively poor. The recession is pushing up the risk of poverty by increasing unemployment, but also by reducing the pay checks of workers who are facing cuts in hours and wages. While the number of unemployed persons in the US had risen to 14.7 million by June 2009, 9 million additional workers were limited to part-time hours even though they would have preferred to work full-time. Along with increasing assistance for the unemployed, the OECD advises that governments may also need to reinforce income support for low-income workers for the duration of the recession.

*OECD Employment Outlook 2009* is available to journalists on the **password-protected** website or on request from the **Media Relations Division**. For further comment on the United States, journalists are invited to contact Stefano Scarpetta (tel: +33 1 45 24 19 88 or e-mail: [stefano.scarpetta@oecd.org](mailto:stefano.scarpetta@oecd.org)) or Paul Swaim (tel: +33 1 45 24 19 77 e-mail: [paul.swaim@oecd.org](mailto:paul.swaim@oecd.org)) from the OECD Employment Analysis and Policy Division.