

OVERVIEW OF US UNEMPLOYMENT

Arturo Martínez Paredes¹, OBELA²

The economic outlook during 2020 has been very adverse worldwide. Since the confinement, employment in the US and the world has fallen more than any other crisis. The International Labour Organisation (ILO) [estimates](#) that more than 140 million jobs have been lost worldwide because of the pandemic. Here is a look at the jobs picture with an emphasis on the US, the problems in measuring unemployment, and a possible scenario in 2021.

Approximately 93% of the world's workers have been affected in some way by full or partial shutdowns of economic activities in an attempt to contain the health crisis. Of the estimated job losses presented by the ILO, more than 80 million have no labour participation, i.e., they are withdrawn from the labour market, do not declare themselves available for work and are not looking for a job.

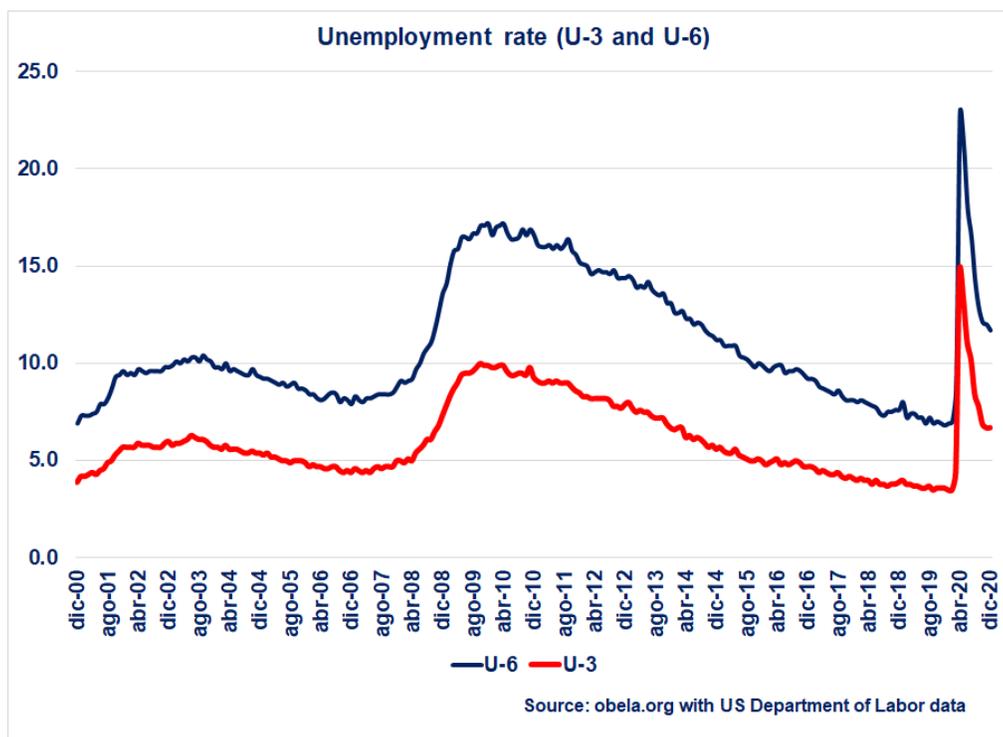
The sectors most affected in employment terms were services, mainly catering, construction, hotels, and restaurants, with more than double-digit drops in employment. The most affected region in the world was Latin America, with the percentage of people without labour participation increasing by 6.3% and 32.8% working hours lost between the first two quarters of 2020.

In the US, between the first two quarters of 2020, labour income plummeted 9%, hours of work fell 16%, and total employment fell 12% in US. Particularly hit are hospitality and leisure sectors, where occupancy in April fell to half that of January.

According to official figures from the US Department of Labor (DOL), unemployment in the US reached 15 percent in April 2020, up from 10 percent during the 2008 crisis, the worst figure in recent history. Unemployment hit the Latino population harder than any other ethnic group in the country, at 17%. This statistic leaves out a large portion of the people not employed, so it is much larger. Unemployment refers to people looking for work or working more hours; this is known as U-3 and is the official unemployment rate.

¹ Faculty of Economics, UNAM, member of obela.org

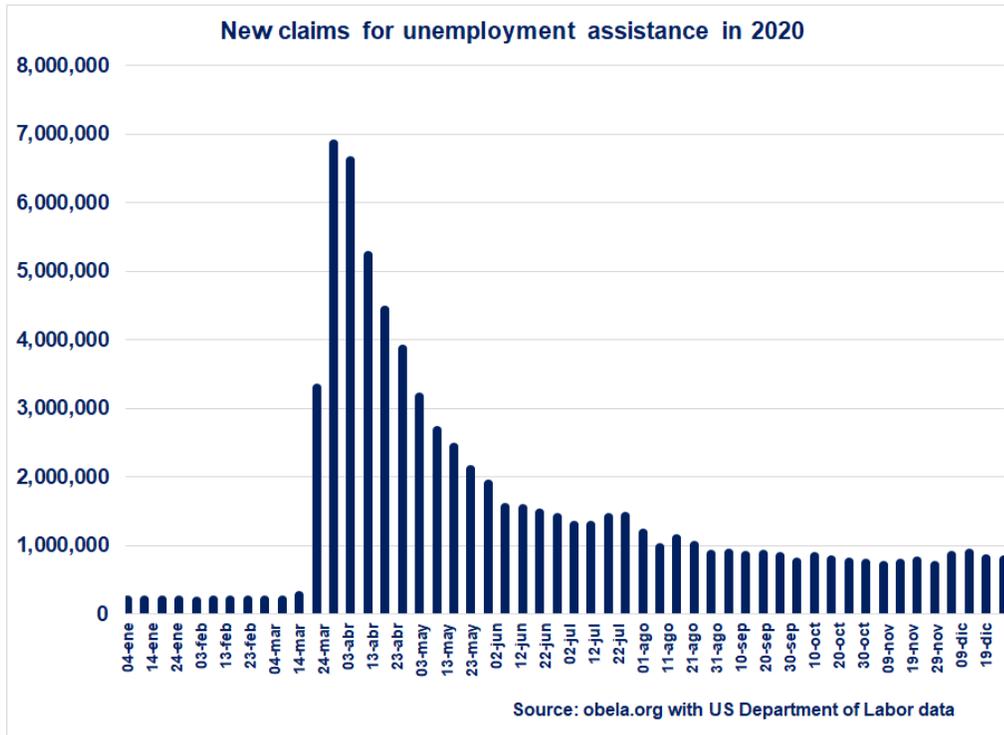
² Oscar Ugarteche (Coord), Armando Negrete, Carlos de León, Arturo Martínez, Bertín Acosta, Priscila Martínez, Hiromi Ijima.



The U-3 leaves out people who are no longer looking for work, those who do not expect to find a job, and those who do not even say they would like to have a job. The latter group includes those looking for more than two years and have given up hope, even if they are in the labour force (EAP). A less recurrent but more

useful indicator is the so-called U-6. This indicator shows the total number of unemployed persons. It includes all labour market marginalised persons who are currently neither working nor looking for work, which is available and has recently looked for a paid occupation. It also considers the total number of part-time employees who would like a full-time job. The figure is a percentage of the EAP, plus all those people who are labour-marginalised. In other words, a much broader indicator and much closer to the real employment problem.

The US government recorded the largest ever increase in unemployment insurance, with 6.6 million claims in the first week of April alone. Although they have declined over the year, unemployment insurance requests remain stable, almost four times over previous levels in March 2020. At the same time, unemployment measured as U-6 rose.



However, US labour authorities expect that many of the jobs will take time to recover. Mass vaccination seems the only way to end the confinement and labour crisis. As vaccines reach more people, the economy can reopen and begin its recovery.

Low-skilled service employment, performed by the US resident Latino population, is especially hard hit. So much of the remittances are declining, while the drop is even worse for those who have recently migrated. It affects more the Central American and Caribbean countries than South America.

Beyond the conjuncture, the number of workers resorting to more than one job to keep their living standards has doubled since 2000. The US economy faces a very adverse employment environment and a challenge of creating the conditions for a robust economic recovery.

Widespread vaccination may take a long time, condemning much of the world to confinement, more extended unemployment, and more impoverished living conditions. The economic downfall was quick, but the recovery will be slow.