

Is Today's Rate of Unemployment Higher than During the Great Depression of the 1930s?

By [Washington's Blog](#)

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It is difficult to compare current unemployment with that during the Great Depression. In the Depression, unemployment numbers weren't tracked very consistently, and the U-3 and U-6 statistics we use today weren't used back then. And statistical "adjustments" such as the "[birth-death model](#)" are being used today that weren't used in the 1930s.

But let's discuss the facts we do know.

The Wall Street Journal [noted](#) in July 2009:

The average length of unemployment is higher than it's been since government began tracking the data in 1948.

The job losses are also now equal to the net job gains over the previous nine years, making this the only recession since the Great Depression to wipe out all job growth from the previous expansion.

The Christian Science Monitor wrote an article in June entitled, "[Length of unemployment reaches Great Depression levels](#)".

60 Minutes - in a must-watch segment - notes that our current situation tops the Great Depression in one respect: never had we had a recession this deep with a recovery this flat. 60 Minutes points out that unemployment has been at 9.5% or above for 14 months:

Pulitzer Prize-winning historian David M. Kennedy notes in [Freedom From Fear: The American People in Depression and War, 1929-1945](#) (Oxford, 1999) that - during Herbert Hoover's presidency, more than 13 million Americans lost their jobs. Of those, 62% found themselves out of work for longer than a year; 44% longer than two years; 24% longer than three years; and 11% longer than four years.

Blytic [calculates](#) that the current average duration of unemployment is some 32 weeks, the median duration is around 20 weeks, and there are approximately 6 million people unemployed for 27 weeks or longer.

As I [noted](#) in January 2009:

In 1930, there were [123 million](#) Americans.

At the height of the Depression in 1933, [24.9% of the total work force or 11,385,000 people](#), were unemployed.

Will unemployment reach 25% during this current crisis?

I don't know. But the number of people unemployed will be higher than during the Depression.

Specifically, there are currently some [300 million](#) Americans, [154.4 million](#) of whom are in the work force.

Unemployment is expected to exceed 10% by many economists, and Obama "has warned that the unemployment rate will explode to at least 10% in 2009".

10 percent of 154 million is 15 million people out of work - more than during the Great Depression.

Given that the broader U-6 measure of unemployment is currently around [17%](#) (ShadowStats.com puts the figure at [22%](#)), the current numbers are that much worse.

But it is important to look at some details.

For example, official Bureau of Labor Statistics numbers put U-6 [above 20%](#) in several states:

- California: 21.9
- Nevada: 21.5
- Michigan 21.6
- Oregon 20.1

And certain races and age groups have gotten hit hard.

According to [Congress' Joint Economic Committee](#):

By February 2010, the U-6 rate for African Americans rose to 24.9 percent.

[34.5%](#) of young African American men were unemployed in October 2009.

As the Center for Immigration Studies [noted](#) last December:

Unemployment rates for less-educated and younger workers:

- As of the third quarter of 2009, the overall unemployment rate for native-born Americans is 9.5 percent; the U-6 measure shows it as 15.9 percent.
- The unemployment rate for natives with a high school degree or less is 13.1 percent. Their U-6 measure is 21.9 percent.

- The unemployment rate for natives with less than a high school education is 20.5 percent. Their U-6 measure is 32.4 percent.
- The unemployment rate for young native-born Americans (18-29) who have only a high school education is 19 percent. Their U-6 measure is 31.2 percent.
- The unemployment rate for native-born blacks with less than a high school education is 28.8 percent. Their U-6 measure is 42.2 percent.
- The unemployment rate for young native-born blacks (18-29) with only a high school education is 27.1 percent. Their U-6 measure is 39.8 percent.
- The unemployment rate for native-born Hispanics with less than a high school education is 23.2 percent. Their U-6 measure is 35.6 percent.
- The unemployment rate for young native-born Hispanics (18-29) with only a high school degree is 20.9 percent. Their U-6 measure is 33.9 percent.

No wonder Chris Tilly – director of the Institute for Research on Labor and Employment at UCLA – [says](#) that African-Americans and high school dropouts are experiencing depression-level unemployment.

And as I have previously [noted](#), unemployment for those who earn \$150,000 or more is only 3%, while unemployment for the poor is 31%.

The bottom line is that it is difficult to compare current unemployment with what occurred during the Great Depression. In some ways things seem better now. In other ways, they don't.

Factors like where you live, race, income and age greatly effect one's experience of the severity of unemployment in America.

In addition, wages have plummeted for those who are employed. As Pulitzer Prize-winning tax reporter David Cay Johnston [notes](#):

Every 34th wage earner in America in 2008 went all of 2009 without earning a single dollar, new data from the Social Security Administration show. Total wages, median wages, and average wages all declined....

And see [this](#), [this](#), and [this](#).

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