Making Sense of Recent Unemployment Numbers

Q: What was the national unemployment rate in March?
A: The national figure was reported by the Bureau of Labor Statistics to be 4.4 percent, up slightly from the 3.5 percent unemployment rate in February. However, this figure was based on surveys of businesses and consumers mostly from the first half of March. Layoffs really accelerated in the second half of March, and the vast majority of these are not included in the March numbers. The true unemployment rate at the end of March was at least 10 percent.

Q: Did over 30 million people file unemployment claims in the last six weeks?
A: Probably not. The Department of Labor makes a seasonal adjustment to account for regularly occurring fluctuations (e.g., holidays, weather, school opening and closing, etc.). These adjustments usually provide a more accurate picture of employment trends in the United States. However, they become less helpful during periods of chaotic change, such as that caused by COVID-19

The BLS weekly reports indicate that there were about 27.9 million claims filed during the six-week period ending April 25th. Whatever the true number, the rapid rise in unemployment is unrivalled in American history.

Q: What is the true unemployment rate as of May 1, 2020?
The April number will be released on May 8th, and probably will be reported to be in the 16% - 17% range. However, with the additional layoffs occurring in the second half of April, the true unemployment rate as of May 1st was probably in the 23 percent range.

Even this figure is likely far lower than the actual, because it ignores or undercounts many individuals who are self-employed, freelancers, and members of the ‘gig’ economy.

Q: How do current unemployment rates compare to past times of economic distress?
A: During the Great Depression, the national unemployment rate was over 14 percent every year from 1931 – 1940. The peak year was 1933 when the rate was 24.9 percent.

During the early 1980’s recession unemployment was between 10 and 11 percent each month from September 1982 - 1983.

During the Great Recession, unemployment rates were between 9 and 10 percent each month from April 2009 through September 2011.