



EPI Briefing Paper critiques argument that U.S. unemployment is structural

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Unemployment in the United States is not structural, a new Economic Policy Institute report explains. The paper, [*Reasons for Skepticism about Structural Unemployment: Examining the Demand-Side Evidence*](#), by EPI researchers Lawrence Mishel and Heidi Shierholz, critiques a narrative that has emerged among some economists and economic journalists—that workers are unemployed because they lack the necessary skills for the jobs that are available, or because they do not live in places where jobs are available. Evidence for this perspective is scarce, though, and Mishel and Shierholz review available indicators on employer hiring and make clear that unemployment is high because there simply are not enough jobs.

Throughout the current recovery, which began in June 2009, the number of job seekers has been much higher than the number of job openings—in the summer of 2009, there were six unemployed workers for every job opening, and the current ratio is roughly five to one. The ratio of job seekers to job openings is roughly double what it was during the worst months of the early 2000s recession. Moreover, the 32 million jobs openings in the first twelve months of this recovery are 10 million short of the openings in the prior recovery, which was also a “jobless” recovery. Additionally, the shortfall in job openings is occurring in every sector other than mining and is not just confined to specific industries, like construction.

An analysis of the ratio of hires per job opening provides further evidence that employers are able to find adequately-skilled workers. The ratio of hires to openings has averaged 1.7 during this recovery, higher than the 1.5 hires per job opening during the last recovery.

Finally, though there is a sharp disparity in unemployment rates among states, the problem is not a lack of geographic mobility. Though 11 states had an unemployment rate of less than 7% in June, those states account for only 7% of the adult population of the U.S. If the 14.6 million unemployed workers nationwide relocated to those 11 states, they would double the labor force in them.

The unemployment crisis the country is experiencing is not a structural one. In fact, a structural argument suggests that the solution to severe unemployment rests with workers, who simply need to gain new skills or move to new locations, rather than with federal policymakers. The fact is that the languishing economic recovery calls for aggressive fiscal and monetary policies to address the scarcity of job openings that every group of workers is experiencing, regardless of education, sector, occupation and location.

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