



Will the Unemployed Remain Patient?

U.S. labor markets are emitting distress signals. Whereas the number of unemployed persons declined by almost 2.8 million in August, there is an increasing problem with duration. The proportion of the unemployed who have been unemployed for 15-26 weeks spiked to a record high (see Chart 1). The proportion unemployed for 27 or more weeks also rose but it remains below prior peaks (see Chart 2) as does the median number of weeks unemployed (see Chart 3)

The increase in the duration of unemployment is troubling because it could lead to a rise in the number of persons who become discouraged and drop out of the labor force which would impinge even more on the pace of the recovery. It appears increasingly likely that the recovery will take more time, perhaps much more time. The U.S. has botched its attempt to support jobs as happens in most of Europe. It needs to step up efforts to support workers as we believe that the unemployed can remain patient if they can afford to.

Chart 1

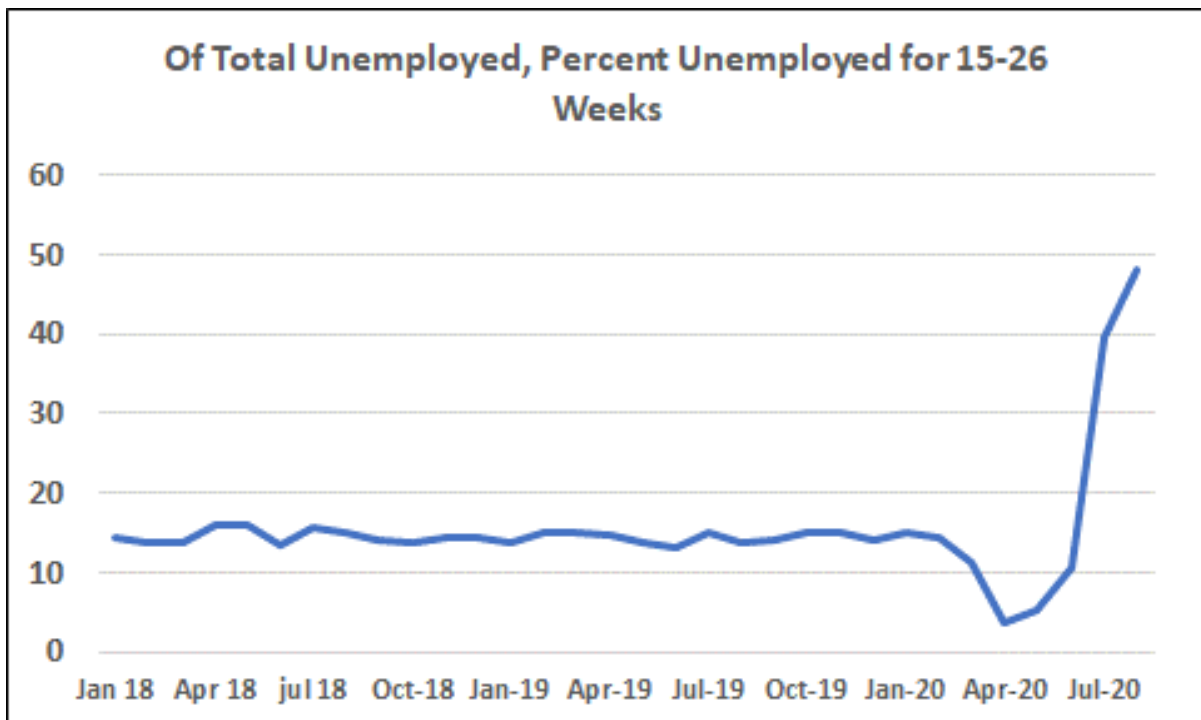


Chart 2

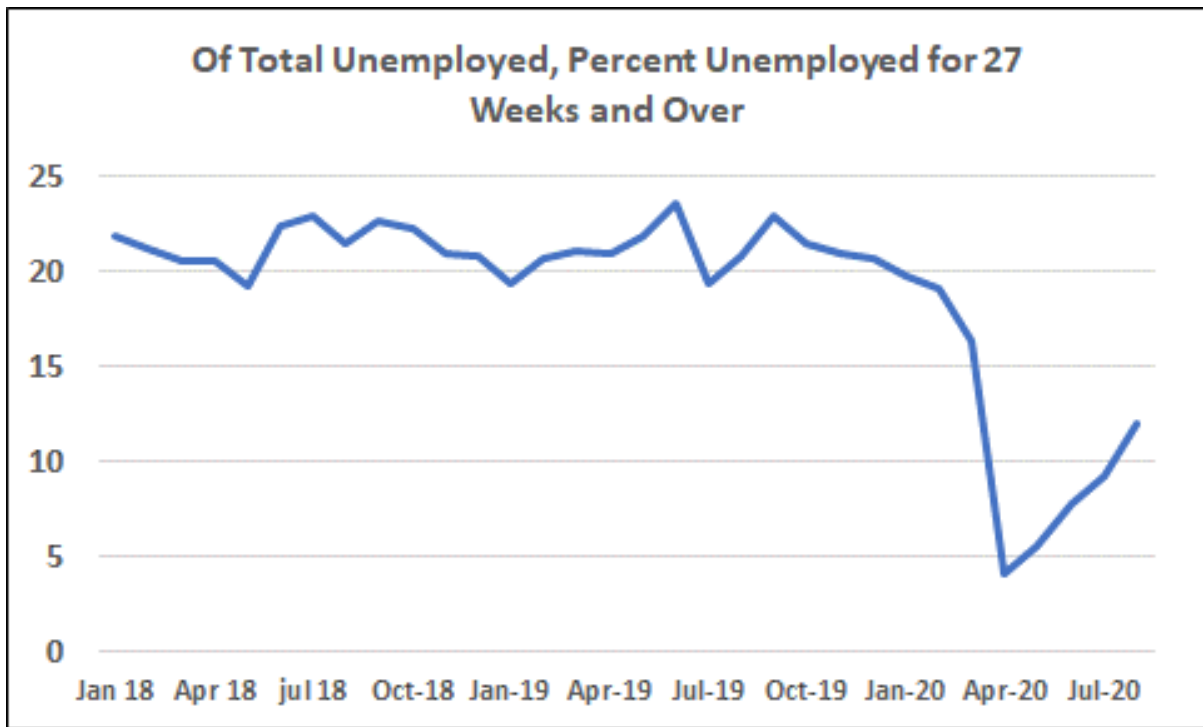


Chart 3

