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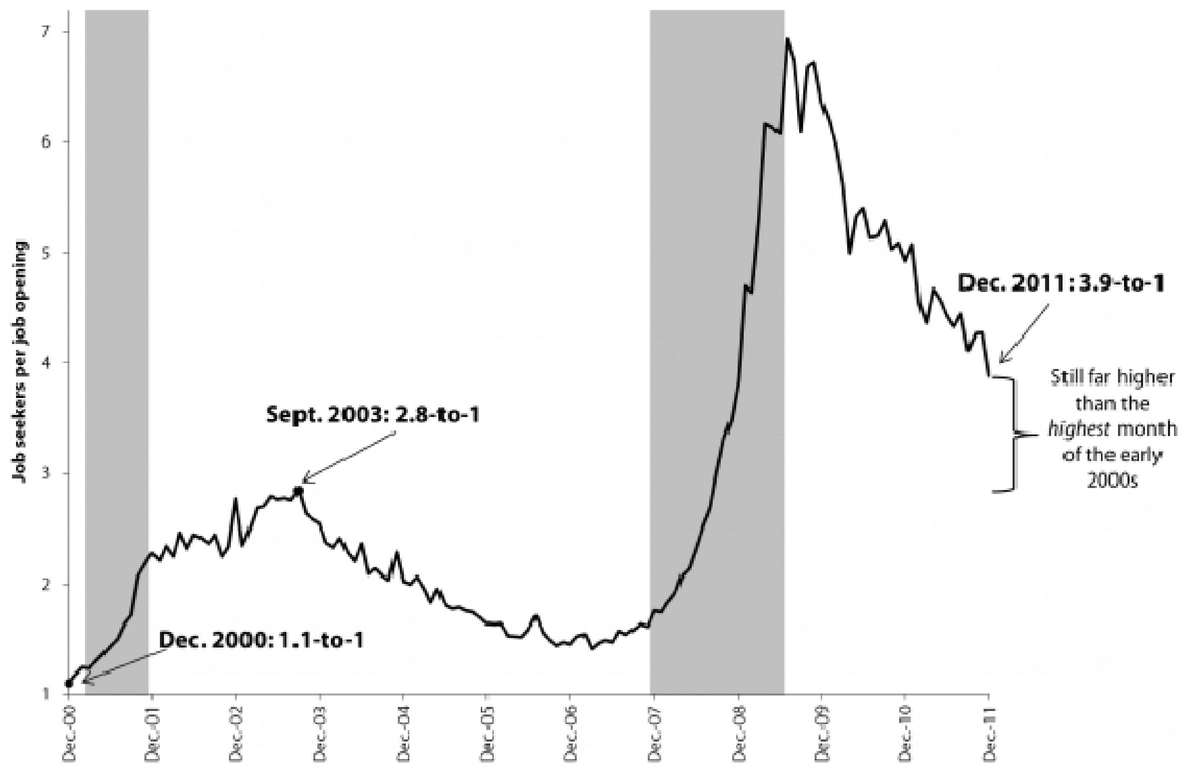
Job-seekers ratio improves but has been above the highest rate of early 2000s downturn for more than three years

By Heidi Shierholz | February 7, 2012

Today's Job Openings and Labor Turnover Survey (JOLTS) release from the Bureau of Labor Statistics shows that the number of job openings increased by 258,000 in December, to 3.4 million. The total number of unemployed workers in December was 13.1 million (unemployment is from the Current Population Survey). Therefore the ratio of unemployed workers to job openings was 3.9-to-1 in December, an improvement from the November ratio of 4.3-to-1.

Job-seekers ratio, Dec. 2000 – Dec. 2011



Note: Shaded areas denote recessions
Source: Author's analysis of data from the Job Openings and Labor Turnover Survey and the Current Population Survey

To put this figure in context, it's useful to note that the *highest* this ratio ever got in the early 2000s downturn was 2.8-to-1, and in December 2000, the month the JOLTS survey began eleven years ago, the ratio was 1.1-to-1. While the job seekers ratio has been slowly improving since its peak of

6.9-to-1 in the summer of 2009, today's data release marks three years and three months that the ratio has been above 3-to-1. A job seekers ratio of more than 3-to-1 means that *for more than two out of every three unemployed workers, there simply are no jobs.* In December, there were 9.7 million more unemployed workers than job openings. Furthermore, the lack of job openings is in no way limited to particular industries such as construction—unemployed workers dramatically outnumber job openings across every major industry.

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Three years and three months—169 weeks—of a job seekers ratio above 3-to-1 is why the current extended unemployment insurance benefits, which last a maximum of 99 weeks, remain crucial. There are 5.5 million people in this country who have been unemployed for more than half a year, up from 1.2 million in 2007. It is not, of course, that these millions of workers have become lazy, unskilled, or unproductive, it is that there are not enough jobs available. New research by economists at the Federal Reserve Bank of San Francisco shows that increased unemployment duration is primarily due to "the severe and persistent weakness in aggregate demand for labor." Nevertheless, Congress is now debating whether to renew or cut back on legislation that extends unemployment insurance benefits for the long-term unemployed. It is too early to cut back. Congress should renew the current program of extended benefits through the end of 2012.

With research assistance from Natalie Sabadish and Hilary Wething