

# Shocking Unemployment Numbers

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I don't usually write about macro things. But a journalist asked me about the duration of unemployment, and I checked out how this recession compares to previous ones. I looked at the percentage of the unemployed who have been out more than 26 weeks in past recessions: July 2009, 34 percent; July 2003, 22 percent; July 1992, 22 percent; and even in the very deep and long 1980 to 1982 double-recession it was 25 percent in July 1983. "So what?" you might ask, since the unemployment rate this time is not likely to reach the 10.8 percent of late 1982.

The answer is that the welfare effect of unemployment depends on its duration. Society is worse off at 10 percent unemployment if that figure is concentrated on a small number of long-term unemployed than if it's spread more evenly across the labor force. A few weeks of unemployment don't exhaust savings and don't lead to great depreciation of skills. A year of unemployment can do both.

By this important criterion, this recession has had the biggest negative impact since the Great Depression.

<http://freakonomics.blogs.nytimes.com/2009/08/21/shocking-unemployment-numbers/>