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5 on 45: The good and bad news about the US job market

June 6, 2018

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(MUSIC)

PITA: You're listening to 5 on 45 from the Brookings Podcast Network, analysis and commentary from Brookings experts on today's news regarding the Trump Administration.

BURTLESS: I'm Gary Burtless, an economist in the Economic Studies program at the Brookings Institution.

Back in the summer of 2009, in the worst months of the Great Recession, there were almost 15 million Americans who were without work and actively looking for it. Unfortunately employers didn't have many job openings back then. They reported to the Bureau of Labor Statistics that there were only a little more than 2.2 million job offers on offer. In other words, there were about six and a half million job seekers for every job opening that was available to fill.

The job market has improved a lot since the worst months of the Great Recession. In April—we learned this week—there were about 6.3 million unemployed workers, down from 15 million in the summer of 2009. And U.S. employers reported that they had 6.7 million job openings in April. That means there were more job openings than there were unemployed job seekers looking to fill them. The information about job openings comes from a Labor Department survey of employers that's meant to help us track how easy or hard it is to find a job, how much turnover there is in the job market.

That survey picked up another encouraging fact about the current job market. About 3.4 million Americans quit their jobs in April. That may be bad news for employers, but it almost certainly reflects something positive about the state of the job market, at least from the point of view of workers. Many workers won't quit their jobs unless they're pretty optimistic they'll be able to find another one, one that's at least as good or even better than the one they currently hold. Back in the summer of 2009, only about 1.7 million Americans had the optimism to quit their jobs. In other words, the quit rate was more than 40 percent lower than it is right now.

All recent statistics about the job market tell us it's in pretty good shape, at least from the perspective of finding jobs and holding onto them. The layoff rate is very low, and the number of workers filing first time claims for unemployment insurance is near all-time historical lows. The 3.8 unemployment rate reported last week by the Labor Department is as good as we've seen for the past 18 years.

Not all the news is good for workers. For reasons that are hard to explain, workers pay is not rising very fast, and it hasn't increased as much as we expect in such a tight job market. No one knows when wage improvements are going to pick up speed. But from the perspective of somebody wanting to find a job or wanting to quit their job, the current job market is as healthy as it's been for nearly two decades.

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