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Unemployment: Coronavirus Pandemic vs. The Great Recession

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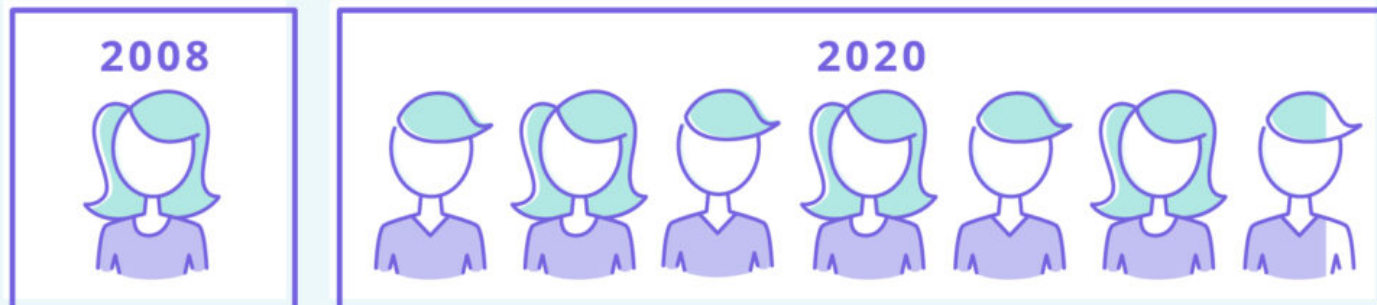


Over a month into shutdowns caused by the coronavirus pandemic, US unemployment numbers are flooding in. Government agencies are struggling to handle unprecedented unemployment claims, but this isn't the first time the US has experienced massive joblessness.

To put the current recession in perspective, we compared last month's unemployment numbers with those of the first month of the Great Recession, which began in July of 2008.

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2008 vs. 2020 Unemployment Claims

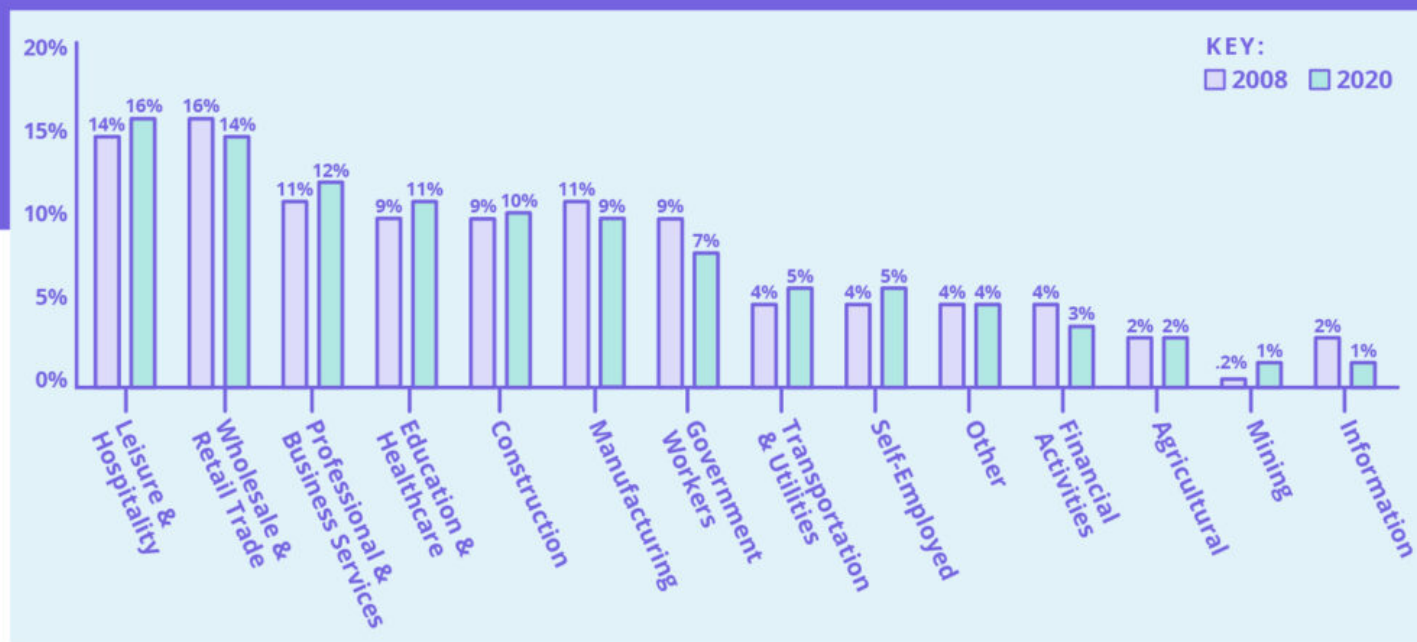


For every one person who filed for unemployment claims in 2008, almost seven people (6.7) did in March this year.

Methodology

Our team looked at the unemployment claims in the first month of each recession (July 2008 for the Great Recession and March 2020 for COVID-19) to create a ratio of unemployment claims between the two time periods. We also used data from the Bureau of Labor Statistics for both periods to see which industries are seeing the highest unemployment due to the pandemic.^{1,2}

✓eligibility Unemployment by Industries



What we learned

Compared to the Great Recession, the last month saw far more job losses much more rapidly. But when we look at unemployment percentages within specific industries, both recessions show similar patterns.

- For every person who filed unemployment claims in January 2008 of the Great Recession, almost seven people (6.7) filed in March this year.
- The first week of the Great Recession saw 371,000 unemployment claims, compared to 211,000 during the first week of the coronavirus lockdown.
- By week three, however, the coronavirus lockdown saw more than 3.3 million unemployment claims—eight times the 402,000 of the Great Recession.
- In week four of March 2020, unemployment claims more than doubled, to nearly 6.9 million.

- During the Great Recession, the hardest-hit industries were Wholesale and Retail (16.03% unemployed), Leisure and Hospitality (14.14%), Manufacturing (10.95%), and Professional and Business Services (10.45%).
- Similarly, the hardest-hit industries in March 2020 were Leisure and Hospitality (16.35%), Wholesale and Retail (13.80%), Business and Professional Services (12.11%), and Education and Healthcare (11.24%).
- During both recessions, jobs in the Information (including publishing, broadcast, telecommunications, motion pictures), Mining, and Agriculture sectors were the least affected.

Although there are similarities around which industries see the most unemployment, there are some key differences that could affect the overall unemployment numbers. During the Great Recession, unemployment was driven mainly by the market, and numbers rose slowly.

However, the current recession is driven by both market forces and stay-at-home orders from the government, resulting in millions of layoffs all at once. New rules that allow more workers (especially the self-employed and gig workers) to receive unemployment benefits also could be at least partially responsible for the spike in claims during the coronavirus lockdown.

Will we recover?

COVID-19 presents unique challenges. Widespread stay-at-home orders are a new experience for all of us. Fortunately, the federal government has responded by increasing access to [unemployment benefits](#) and supporting businesses that are trying to keep their workers on the payroll.

There's no way to tell how long this economic downturn will last. But knowing that American industries have faced high unemployment rates before gives us a reason to hope for a full recovery this time too. In the meantime, stay up to date on the latest [COVID-19 unemployment regulations](#).

Sources

1. US Bureau of Labor Statistics, "[Labor Force Statistics from the Current Population Survey](#)"



Written by
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Kathryn is a Medicare and geriatric specialist who has appeared on Baby Boomers, OppLoans, and Best Company. Her readers don't need a degree in government-speak to get the right coverage because Kathryn sifts through Medicare's parts, plans, and premiums to distill only the most useful information. Her favorite place in the world is a hammock that swings peacefully between two crabapple trees somewhere in New Mexico's Gila National Forest.

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