

DAILY GLOBAL
COMMENTARY

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The Workweek in “Jobless Recoveries”

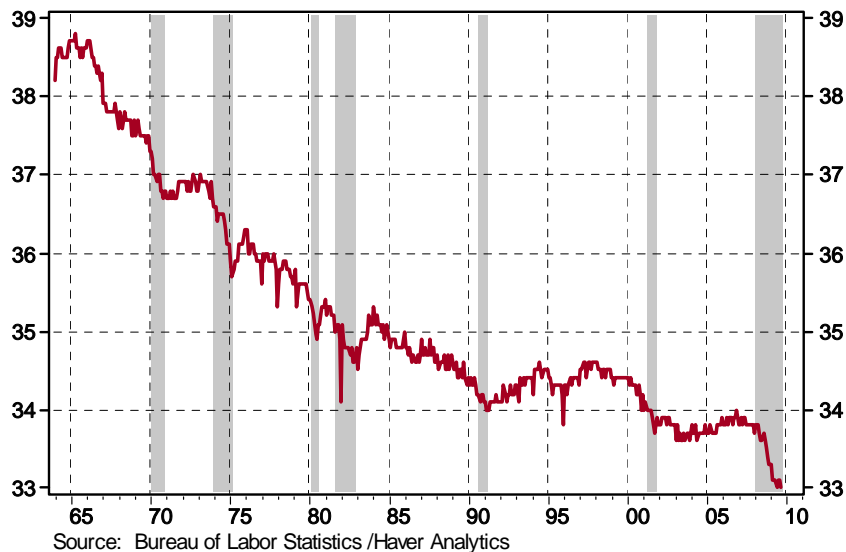
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The current upswing in economic activity is most likely to be the third “jobless recovery” following the 1991 and 2001 economic recoveries when employment growth was subpar for several months after the official recovery commenced. The reduction in the duration of the average workweek is standing out in recent employment reports. Historically, the workweek has shown a downward trend for several decades (see chart 1). In September 2009, the average workweek dipped to 33 hours, a record low, a similar reading was also seen in June 2009.

Chart 1

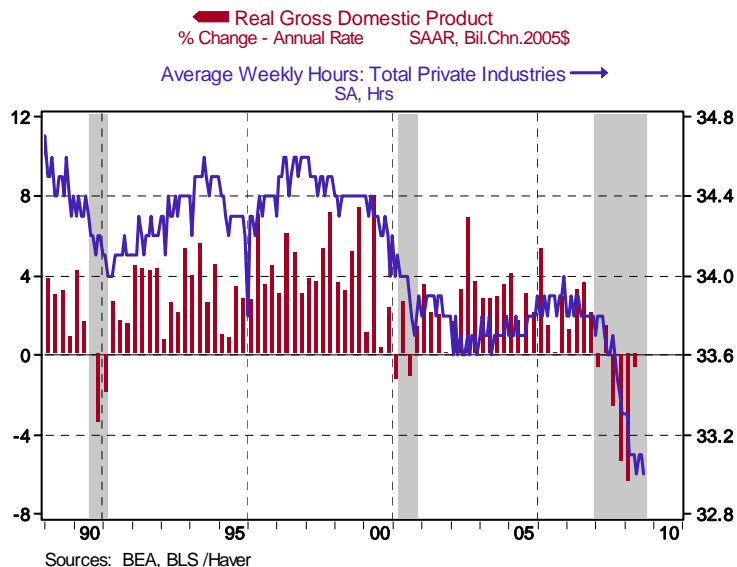
Average Weekly Hours: Total Private Industries

SA, Hrs



Following the trough of the 1990-1991 recession, the workweek rose to 34.6 hours from 34.0 hours even as employment conditions were sluggish. By contrast, in the 2001 recovery and early stages of the expansion phase, the workweek continued to decline after economic activity gathered strength (see chart 2).

Chart 2



More recently, the work week was 33.8 hours in December 2007 (the official designation when the recession commenced) and declined to 33 hours in September. In addition, the number of part-time workers for economic reasons (involuntary part-time status) is at a record high (see chart 3). The record low reading of the workweek and the abundance of part-time employment allows firms to extend the workweek and/or change the employment status of part-time employees as demand conditions improve before they can increase payroll employment. The absence of hiring in the coming months should be viewed in light of these aspects of the labor market conditions.

Chart 3



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