Little to Cheer About: Unemployment and the Older Worker—December 2008

Many more workers were without jobs in December as the unemployment rate rose to 7.2 percent for the total labor force and to 4.9 percent for the labor force aged 55 and over.

The number of unemployed in December increased by 632,000, nearly 60,000 of whom were aged 55 or older.

Of the 11.1 million unemployed men and women in December, 1.4 million were at least age 55.

On Friday, January 9, 2009, the Bureau of Labor Statistics released the unemployment figures for December 2008. As anticipated, the situation had continued to deteriorate. The unemployment rate for the total labor force was 7.2 percent, up from 6.8 percent in November.1

Persons aged 55 and over experienced a less pronounced increase in their unemployment rate, which rose from 4.8 percent in November to 4.9 percent in December. Nonetheless, the December unemployment rate for the 55-plus workforce was the highest monthly rate it has been since October 1992.

In December, just over 1.4 million persons aged 55 and over were without jobs and looking for work, 566,000 more than a year earlier. Men accounted for nearly 60 percent of the increase.

Comparison to the Last Recession

The economy has been in recession since December 2007, and the current recession has already lasted longer than the previous

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Figure 1
Unemployment Rates for Persons Aged 16+ and 55+, 1948-December 2008

recession of March to November 2001. During the 2001 recession, the unemployment rate for the aged 55+ workforce rose from 2.7 percent to 3.5 percent, or by 30 percent. Since the onset of the current recession in December 2007, the unemployment rate for persons in this group has risen from 3.1 percent to 4.9 percent, an increase of 58 percent.

Although the trough of the 2001 recession was November, that was not the end of the bad news for older workers, whose unemployment rate continued to climb, albeit not steadily, for some time. By March 2006, the rate had fallen to 2.6 percent, but it then rose quickly to 3 percent and hovered around 3 percent until early in the current recession.

**Unemployment Lasts Longer for Older Workers**

The unemployment rate for older persons is typically lower than that for the total workforce (Figure 1), a pattern that has continued for the past year. However, the increase in the unemployment rate over the past year was somewhat sharper for the aged 55+ workforce than for the total—58 percent vs. 47 percent.

Long-term unemployment tends to be a greater problem for older job seekers than their younger counterparts. In December 2008, 32 percent of job seekers aged 55 and over, 23 percent of those ages 25 to 54, and 18 percent of those under age 25 had been unemployed for 27 weeks or more.

Many older workers who lose their jobs drop out of the labor force rather than continue what can be a long and fruitless job search. Some of them say that they would like to be working, even though they are not looking for a job. The number of older (55+) non-labor force participants who reported wanting a job rose from 826,000, or 1.9 percent of those not in the labor force, in December 2007 to 1.1 million, or 2.6 percent of nonparticipants, in December 2008. Some of these individuals can be classified as discouraged—i.e., they are not looking for work because they believe no work is available, could not find work, lack the necessary schooling, or fear employers will view them as too old. The number of older persons classified as discouraged by the Bureau of Labor Statistics nearly tripled from December 2007 to December 2008, rising from 53,000 to 154,000.

As bleak as the situation looked for older workers in December, the news was not all bad. The number of employed persons aged 55 and older was higher by more than 875,000 in December 2008 than in December 2007, and the employment-to-population ratio for this group remained relatively stable. The number of employed aged 55 and over actually increased somewhat more than the population of those ages. In contrast, the number of employed in the total population fell by nearly 3 million, and the employment-to-population ratio for the total population declined. Persons aged 55 and older were 18.9 percent of the total employed population in December 2008, a slight increase from 17.9 percent in December 2007.

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