
Economic Policy Institute

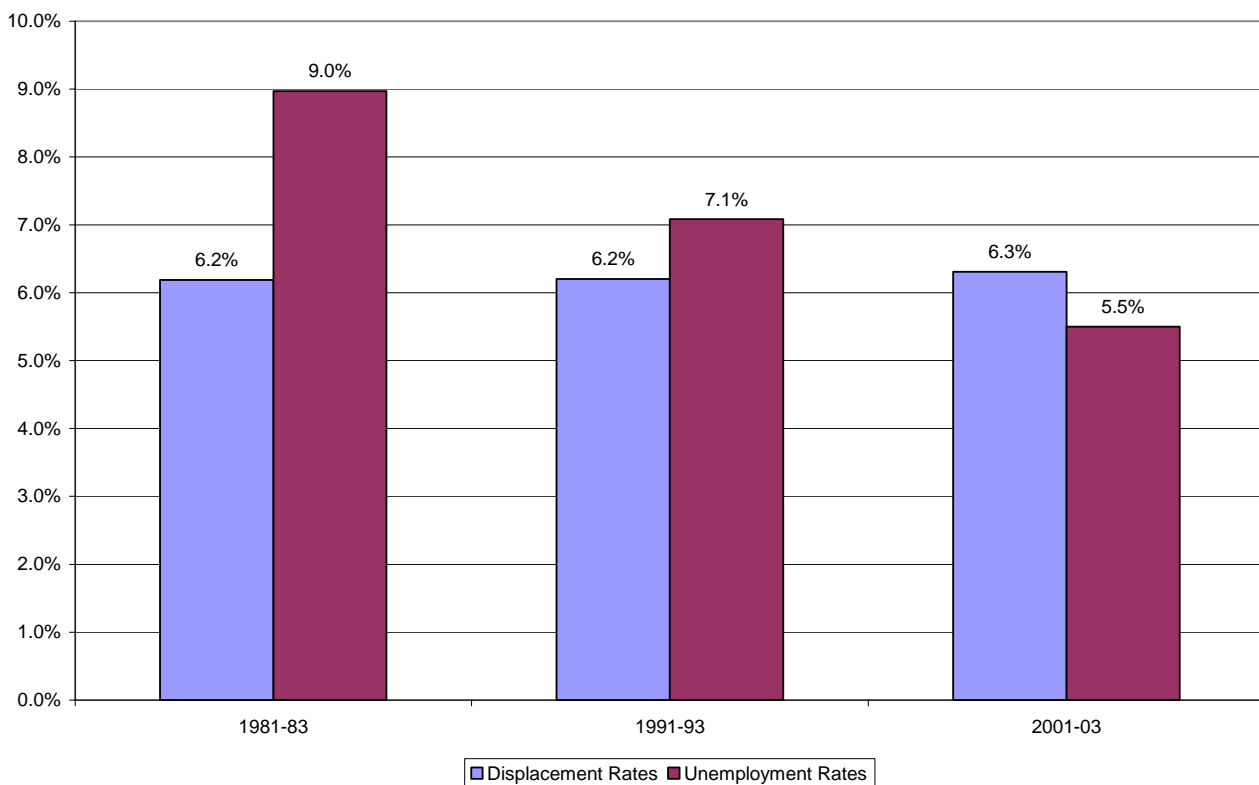
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2001 – 2003 Worker Displacement Highest on Record

According to today's release of the Worker Displacement survey from the Bureau of Labor Statistics, the share of tenured workers (those who worked for their employer for at least three years) who lost their job over the recession/jobless recovery was the highest on record. The displacement survey, a biannual release, revealed that during the period from 2001 to 2003, 6.3% of adult workers with at least three years on the same job lost their job.

While earlier periods of weak labor markets posted displacement rates just below this—the rate was 6.2% during both the early 1980s and early 1990s recessions—the 2001-03 displacement rate was also the highest on record relative to the unemployment rate, which averaged 5.5% over these years. For example, the 6.2% displacement rate over the 1981-83 period occurred when average unemployment was 9%.

Displacement and Unemployment, Early 1980s, Early 1990s, and Early 2000s



The figure plots displacement and unemployment rates in three periods with weak job markets. While displacement rates were similar across these periods, unemployment fell in each case. This suggests an increase in “structural” displacements, i.e., higher levels of layoffs and firm closings for any given level of unemployment.

Additionally, today's report shows that the cost of displacements is high and rising. Among those workers displaced in 2001-2003 who later found a new job, 57% were paid less at their new job than in their prior one. This is the highest share in ten years, and is above the 52% rate for a similar economic period, 1991-93.