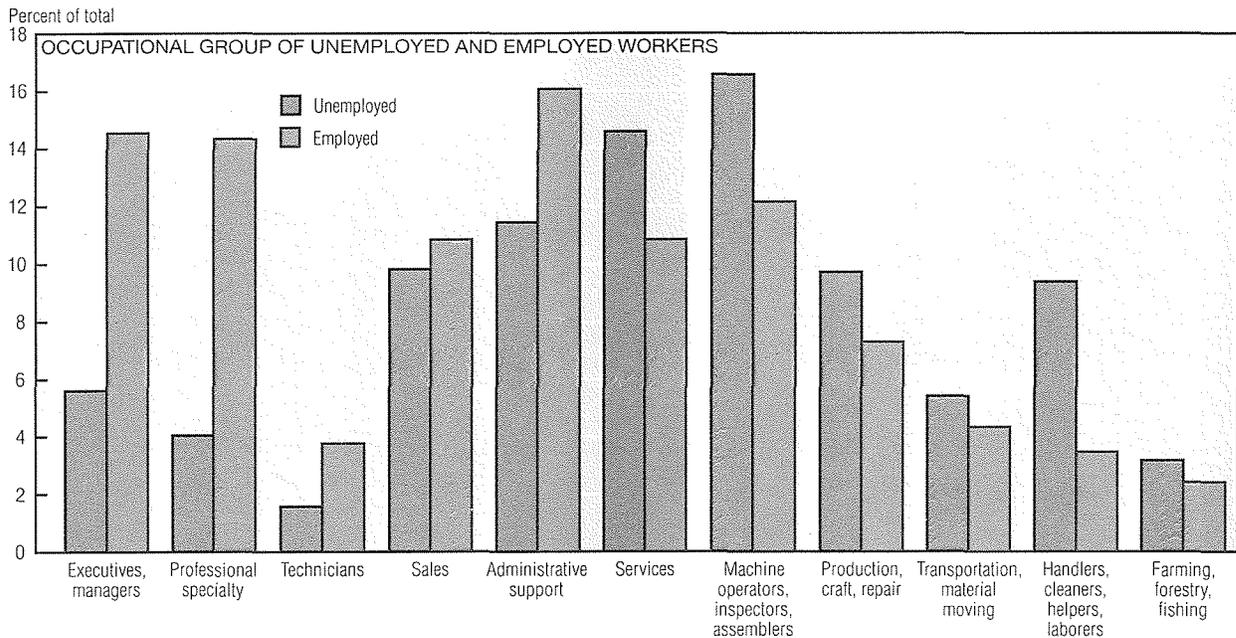
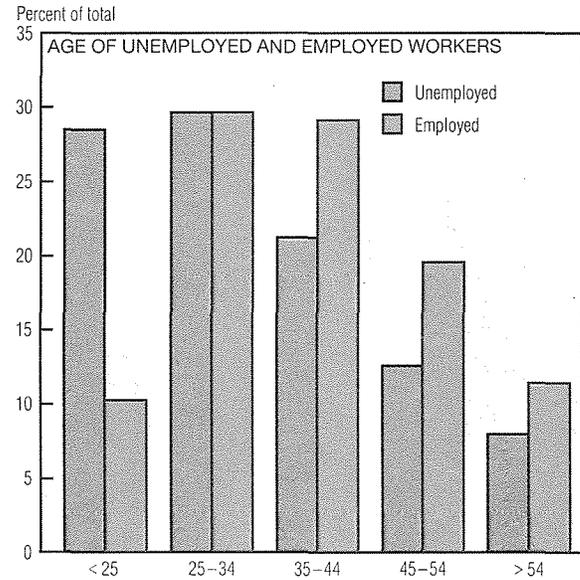
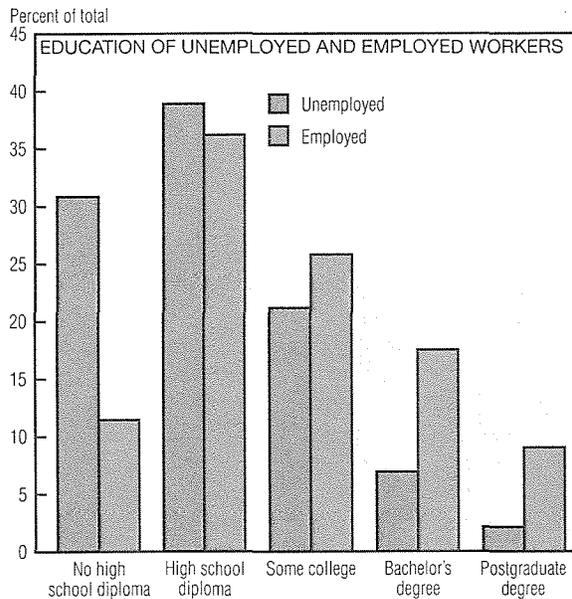


Skills and Unemployment



NOTE: Employed refers to full-time workers as defined by the Bureau of Labor Statistics.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of the Census; and the Federal Reserve Bank of Cleveland.

When thinking about labor market policies for reducing unemployment, it is important to consider what skills the pool of jobless people possess. More specifically, how do their skills compare with those of the employed?

March 1992 was a period of high unemployment, when roughly 9.7 million Americans were out of work and about 93 million had full-time jobs. The charts above use three broad measures to compare the

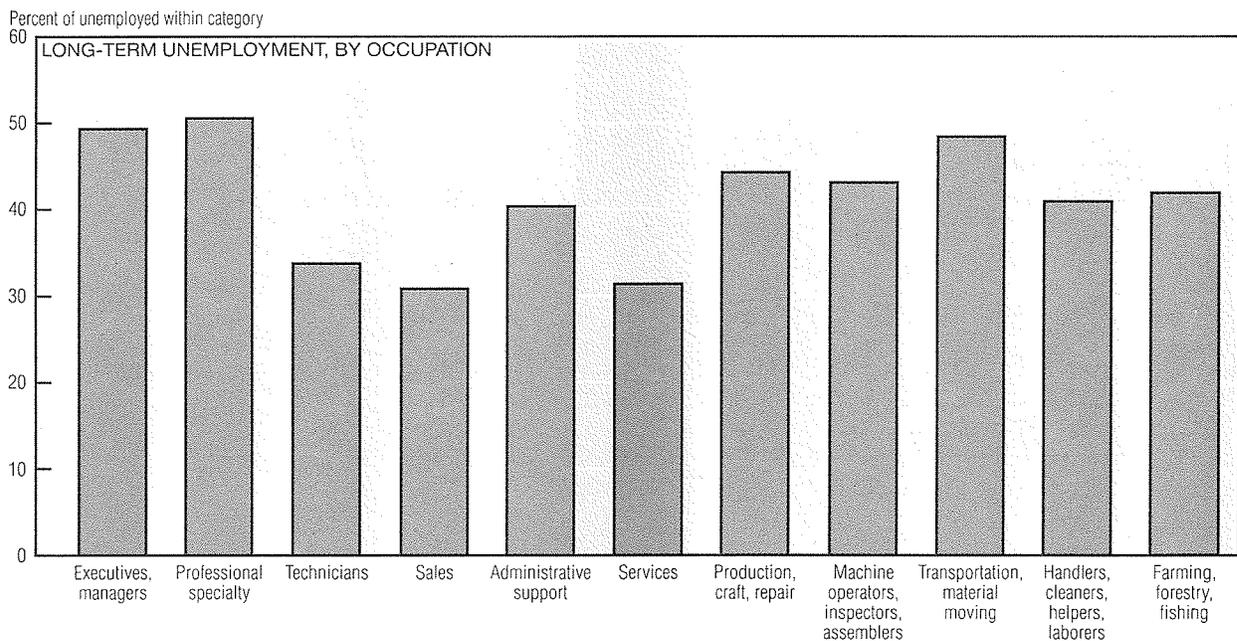
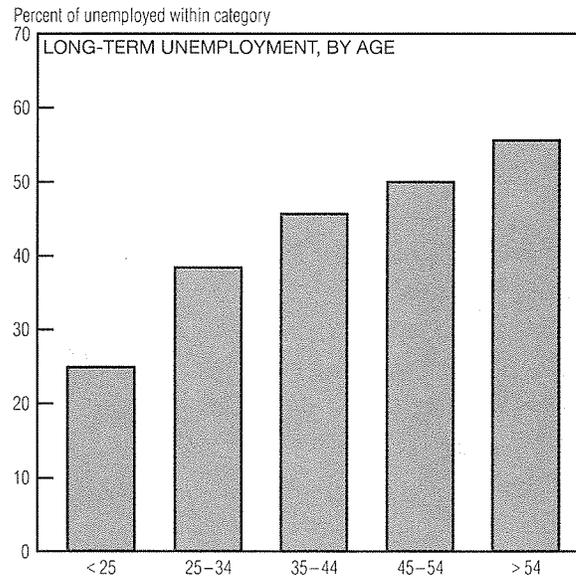
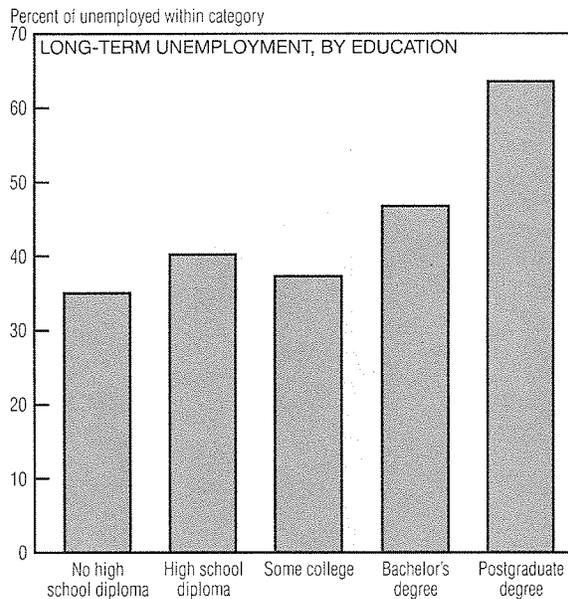
skills of people who were unemployed that month with the skills of full-time workers: education, age (which is strongly correlated with work experience), and occupation.

Although people without a high-school diploma made up only 11.5% of full-time workers, they accounted for over 30% of the unemployed. In contrast, college graduates formed 26.5% of the employed, but only 9% of the jobless.

Noticeable differences were also found in the ages of the two groups. Those younger than 25 made up about 10% of the employed, but 28.5% of the unemployed. In comparison, people in their prime working years (35 through 54) formed about 49% of the fully employed, but only around 34% of the unemployed. Not surprisingly, jobless people tended to be younger and less educated than those working full time.

(continued on next page)

Skills and Unemployment (cont.)



NOTE: Long-term unemployment is defined as 13 weeks or more of continuous unemployment. All data are for March 1992.

SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; U.S. Department of Commerce, Bureau of the Census; and the Federal Reserve Bank of Cleveland.

Looking at occupations, we find several that comprise a much larger share of the unemployed than of the employed. For example, handlers, equipment cleaners, helpers, and laborers accounted for only 3.5% of employed workers, but 9.4% of the unemployed. This is consistent with the relatively high jobless rates experienced by people in many low-skilled occupations. In contrast, executives, managers, and professionals accounted for 29% of full-time workers, but less than 10% of the unemployed.

Many observers consider unemployment to be especially problematic for those who go for long spells without a job, so it is interesting to see what share of the unemployed have been out of work for an extended period and how this percentage differs across groups with divergent skills.

Looking at education, we find that the fraction who had experienced long-term unemployment generally increased with the level of education. Similarly, older groups had a larger percentage of long-term un-

employed than did younger ones. Turning to occupations, we see that executives, managers, and professionals had relatively high rates of long-term unemployment compared to those in the service occupations and sales.

In sum, jobless people tended to be younger and have less schooling than full-time workers. However, the younger, less-educated unemployed also tended to be out of work for a shorter time than their older, more educated counterparts.