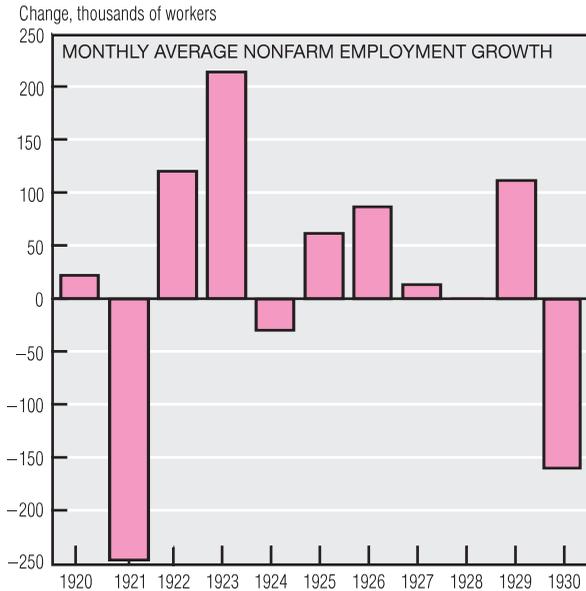
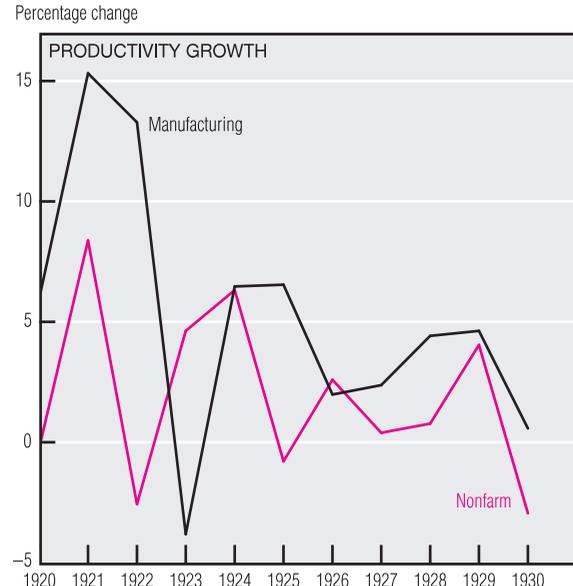
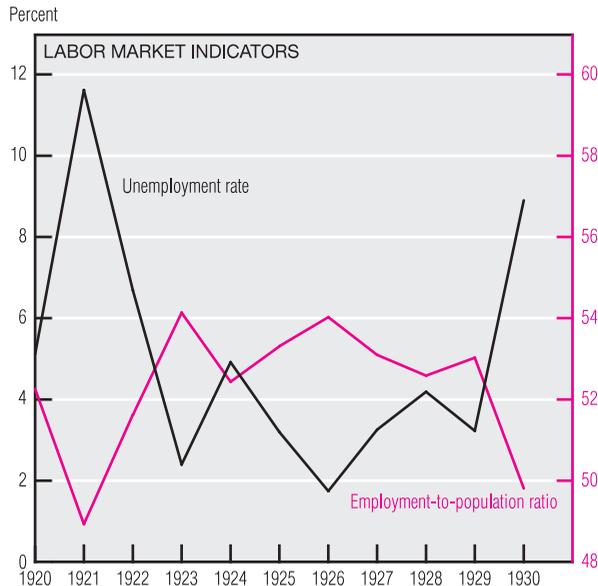


# Labor Markets of the 1920s



	Monthly average change (thousands of employees)				
	1921	1922	1923	1924	1925
Payroll employment	-247	120	214	-30	62
Goods-producing	-210	84	126	-54	32
Mining	-23	-3	24	-9	-1
Construction	14	14	4	8	10
Manufacturing	-200	72	98	-52	22
Service-producing	-38	37	88	25	30
Transportation and public utilities	-45	4	31	-6	2
Wholesale and retail trade	10	26	32	10	14
Government	-6	1	6	9	7
Manufacturing workweek (hours) <sup>a</sup>	43.1	44.2	45.6	43.7	44.5



a. Includes all production workers in Manufacturing.  
 SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Department of Commerce, Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1970*, part 2. Washington, D.C., 1975.

Looking back to the labor markets of the 1920s requires using annual estimates derived much later, which somewhat reduces the accuracy of the data. These estimates show that the labor market was booming in 1923, as the economy recovered from the large employment declines experienced two years earlier (3 million jobs lost). While the net gain for 1923 (214,000 workers per month) is quite similar to recent increases, it was added to a far smaller labor force. At the time, this number of workers expanded the nation's employment almost 10%; in contrast, adding an average 237,000

workers a month over the year ending August 1998 increased payroll employment only 3%. Note that in the 1920s, the manufacturing sector (36% of nonfarm payroll employment in 1923) accounted for almost half of the employment changes. Manufacturing today plays a small role in total jobs growth.

The fact that employment was much more volatile in the 1920s showed in unemployment rates, which frequently averaged less than 4% for the year. Economists would expect low unemployment rates in this period, partly because the unemployment insurance system now

in use was initially funded as part of the Social Security Act of 1935. The lack of unemployment insurance makes the 1921 unemployment rate (over 10%) far more alarming than the high unemployment rates of later years.

Productivity growth was stronger (10-year average growth was 2% in the 1920s, compared to only 1% over the 10 years ended 1998:IIQ) but erratic. Between 1921 and 1922, annual productivity growth fell from over 8% to below -2%. Change of this magnitude has been unknown in the post-World War II era.