



The Labor Market during the Great Depression and the Current Recession

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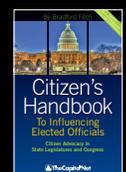
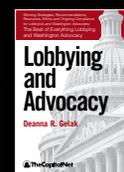
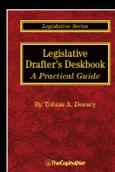


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Summary

A good deal of commentary has addressed similarities between the recession that began in December 2007 and the Great Depression. Comparisons between the two have extended beyond conditions in financial markets to conditions in the labor market. The analogy appears to be fueled by projections that the unemployment rate could reach double digits in the coming months.

Little if any comparative labor market research has been undertaken, however. To address the situation, this report analyzes the experiences of workers during the 1930s, which encompassed the almost five years of the Great Depression. Because it was a period very distant and different from today, the report devotes considerable time to examining the employment and unemployment measures then available. The report ends by comparing the labor market conditions of the 1930s with those encountered by workers thus far during the nation's eleventh recession of the post-World War II period.

A labor market analysis of the Great Depression finds that many workers were unemployed for much longer than one year. Of those fortunate to have jobs, many experienced cutbacks in hours (i.e., involuntary part-time employment). Men typically were more adversely affected than women. This was especially true for older and black men at a time when age- and race-based job discrimination were not unlawful and when occupational shifts in labor demand were operating against them. Higher-skilled workers fared better than lower-skilled workers. Those who toiled on farms and in factories were displaced in very large numbers. States whose economies were dependent on agriculture and manufacturing reported high unemployment rates.

There are several similarities not only between the Great Depression and the recession that began in December 2007, but also between the Great Depression and other recent recessions. They include the greater impact of economic downturns on male blue-collar workers in the goods-producing sector (e.g., construction and manufacturing), lower-skilled workers, and older workers.

But, there remain substantial differences between the Great Depression and the current recession:

- In 1933, at the depth of the Depression, one in four workers was unemployed. In contrast, the unemployment rate had risen to 9.4% by May 2009. The number of jobs on nonfarm payrolls fell 24.3% between 1929 and 1933. Thus far during the current recession, firms have cut nonfarm employment by 4.3%. The first 17 months of the ongoing recession compare favorably with the first two years of the Depression as well.
- In addition to the greater magnitude of unemployment and job loss during the early 1930s as compared with today, the implications of being unemployed have changed much in the intervening years. One reason for the altered situation facing today's unemployed is the increased prevalence of families in which both spouses work. Another is the deeper drop in earnings and hours worked that occurred during the Depression. And, the social safety net that is now available to displaced workers and their families did not exist before the onset of the Great Depression.

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References often have been made to similarities between the Great Depression and the recession that began in December 2007. Both were preceded by long periods of economic expansion during which consumers financed many of their purchases by taking on considerable debt. The substantial losses in savings that resulted from the bank failures of the 1930s made it all the more difficult for individual and commercial depositors to continue spending and investing to the degree they had previously. Today, credit also has become difficult for individuals and businesses to obtain—not because of bank failures, given the availability of federal deposit insurance, but rather because risky investments have led to deteriorated balance sheets at some banks and other financial institutions that have impaired their ability to extend credit.¹

Comparisons between the Great Depression and the eleventh recession of the post-World War II period have extended beyond conditions in the financial market to conditions in the labor market. Speculation that the unemployment rate could reach double digits in the coming months appears to have fueled the analogy. Little if any comparative research has been undertaken, however.

This report analyzes the labor market experiences of workers during the 1930s, which encompassed the almost five years of the Great Depression. Because it was a period very distant and different from today, considerable time is devoted to examining the employment and unemployment measures available at that time. The report ends by comparing the labor market conditions of the 1930s with those encountered by workers thus far during the recession that began in December 2007.

The Labor Market During the Great Depression

Analysis of labor market conditions during the Great Depression is complicated by the fact that “throughout the worst years of the Depression, no one knew how many unemployed persons there were, much less their characteristics,” because not until March 1940 did the federal government initiate a monthly survey of the labor force defined much as it is today.² In 1937, the 75th Congress passed Pub. Law No. 409, which required the President to conduct a census of unemployment.³ At least one of the 14-question Unemployment Report Cards was delivered by postal carriers to each dwelling in the United States and additional cards were made available at local post offices to the “employable unemployed.” But, the 1940 census of the population was the first statistical undertaking to include questions on the labor force defined as persons who are employed or without jobs but actively seeking work within a prescribed period of time. Before then, the 1930 census of the population, the 1937 census of unemployment, and the occasional survey conducted in various states and cities utilized a very different concept—the “gainful worker”—that is, individuals who had at some time worked in an occupation in which they earned money or the equivalent, or in which they assisted in the production of marketable goods. Different occupational classification systems also were utilized in the 1930 and 1940 population

¹ For more information, see CRS Report R40007, *Financial Market Turmoil and U.S. Macroeconomic Performance*, by Craig K. Elwell; and CRS Report R40198, *U.S. Economy in Recession: Similarities To and Differences From the Past*, by Marc Labonte.

² John E. Bregger, “The Current Population Survey: a Historical Perspective and BLS’ Role,” *Monthly Labor Review*, June 1984, p. 8.

³ U.S. Office of Administrator of the Census of Partial Employment, Unemployment, and Occupations, *Final Report on Total and Partial Unemployment, 1937*, vol. I, Washington, D.C., 1938, pp. VII-VIII.

censuses. For these reasons, this section of the report relies greatly on the U.S. Census Bureau's adjustment of selected data from the 1930 census to make it as consistent as possible with the 1940 census.⁴ The **Appendix** discusses the evolution of labor force data over time. It is intended to supplement information in the detailed table notes in the body of the report about the specific Depression-era data presented in the tables.

Employment

What commonly is referred to as the Great Depression comprised two downturns in the business cycle. The first recession began in August 1929, and lasted 43 months until March 1933. A sluggish comeback of the economy occurred during the next four years, before the business cycle peaked in May 1937. The subsequent 13-month decline in the economy's performance ended in June 1938, but employment did not fully recover until the United States entered World War II.

Demographic and Occupational Characteristics

The percentage of the working-age population employed fell substantially between 1930 and 1940, as shown in **Table 1**. Virtually all of the decrease occurred among men, with the proportion of the male population with jobs dropping 10 percentage points to 67.5%.

Men continued to dominate the ranks of the employed during the 1930s despite the Great Depression's very different impact by gender. The number of men employed fell by 898,000 over the decade, while the number of women employed rose by almost 1.3 million. Women's share of employed persons consequently grew to one-fourth by 1940.

Employers' hiring decisions partly account for the differential employment effect of the Great Depression by age group. The substantial decrease in employment among teenagers (14- to 19-year-olds) likely was associated with the last-hired/first-fired approach that employers traditionally observe. Additionally, with passage of the Fair Labor Standards Act (FLSA) in 1938, the age limit for employment in manufacturing industries was raised to 16 years, which effectively reduced the number of job opportunities for young persons. This, in turn, might have prompted some teenagers to refrain from entering the workforce and instead, remain voluntarily in school after reaching age 14. School attendance requirements were increased over the decade in some geographic areas as well.⁵

The order in which employers usually conduct layoffs varies inversely with seniority, which would be expected to benefit older workers. But, length of service is of no help to older workers if entire plants are closed and all employees are let go. Once laid off, older workers found it particularly difficult to find new jobs. Because age discrimination was not unlawful at the time, employers could refuse with impunity to hire older workers if they generalized that younger workers were more adaptable and possessed more up-to-date skills, for example. "During the

⁴ For example, the Census Bureau's adjustment of the 1930 gainful worker concept to the 1940 labor force concept reduced the former by 1.2 million persons.

⁵ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Comparative Occupation Statistics for the United States, 1870 to 1940*, Washington, D.C., 1943.

1930s many firms adopted a policy of not hiring anyone over some stated maximum age, the limit being placed sometimes as low as 45 years or even lower.”⁶

Table I. Employment by Gender and Age, 1930 and 1940
(numbers in thousands)

Gender and Age	Number Employed		Employment as a Percent of Population	
	1930	1940	1930	1940
Total	44,953	45,338	50.5%	44.8%
Men	34,997	34,099	77.6	67.5
14-19 years	2,575	1,752	36.9	23.7
20-24 years	4,409	3,961	82.5	69.6
25-44 years	16,652	16,456	91.2	83.6
45-64 years	9,645	10,256	86.2	76.7
65 years and over	1,716	1,674	51.5	38.0
Women	9,956	11,239	22.6	22.2
14-19 years	1,445	961	20.7	13.1
20-24 years	2,222	2,263	40.1	38.4
25-44 years	4,264	5,515	23.8	27.6
45-64 years	1,786	2,243	17.4	17.6
65 years and over	239	257	7.2	5.6

Source: U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of Labor Force, Employment and Unemployment in the United States, 1940 and 1930*, Washington, DC, 1944.

Notes: In the 1930 census, individuals were asked to report whether they were at work yesterday (i.e., the day before the enumerator called) in which case they were counted as employed. If they responded otherwise, they were asked into which of seven classifications of unemployment they fell. Based on newly introduced definitions of employment and unemployment, the 1940 census would have considered some individuals in the seven classifications to be employed. The Census Bureau adjusted estimates in the 1930 and 1940 decennial censuses for this and other differences to make the data as consistent as possible. For further explanation of the adjusted data that appear in the table see the **Appendix**.

The varying impact of technological developments by occupation also helps to explain the differing pattern of job loss across gender and age groups. Increased mechanization and the advent of the assembly line permitted substitution of semiskilled workers for skilled workers, which operated to the advantage of women and younger men compared to older men.⁷ As shown in **Table 2**, the proportion of workers in skilled occupations fell from 12.9% to 11.7% between 1930 and 1940, with the entire decrease occurring among men. Older men in particular were

⁶ John D. Durand, *The Labor Force in the United States, 1890-1960* (New York: Social Science Research Council, 1948), pp. 114-115.

⁷ *Ibid.*.

displaced by mechanization because skilled workers more often were age 45 and older.⁸ In contrast, few women worked in skilled occupations (0.8% in 1930) while many more worked in the growing semiskilled occupations (23.7% in 1930).

In part because mechanization also could substitute for physical strength, the demand for unskilled workers fell as well. This, too, adversely affected men to a greater extent than women because men more often were unskilled farm and nonfarm (construction and factory) laborers whose jobs could be replaced by machinery. (See **Table 2**.) Black men in particular were susceptible to the shift in demand away from unskilled jobs because the occupations of farm and nonfarm laborers accounted for 43% of employed black men compared to 17% of employed white men.⁹ In contrast, unskilled women primarily were servants whose jobs could not as readily be supplanted by machinery.

Women also fared better than men during the Depression due to the increased demand for workers in white-collar occupations (e.g., professional and clerical workers). Growth in white-collar occupations was especially pronounced among clerical and related workers, which, as seen in **Table 2**, was the single largest employment category for women. In contrast, men's concentration in the farm operator category meant that they suffered most directly the consequences of the shift from an agrarian to an industrial economy. Black men were especially vulnerable: farm owners and tenants accounted for 21% of black men's employment in 1940 compared to 14% of white men's employment.¹⁰

Table 2. Occupational Distribution of Gainful Workers in 1930 and of the Experienced Labor Force in 1940, by Gender
(number of persons age 14 and older in thousands)

Occupation and Gender	Number of Gainful Workers ^a	Number in the Experienced Labor Force ^b	Percent Distribution	
			1930	1940
<i>Total</i>	48,595	52,020	100.0%	100.0%
Professionals	2,946	3,382	6.1	6.5
Proprietors, managers, and officials	9,665	9,234	19.9	17.8
Farmers (owners and tenants)	6,012	5,275	12.4	10.0
Clerical, sales, and related workers	7,936	8,924	16.3	17.2
Skilled workers and supervisors	6,283	6,105	12.9	11.7

⁸ Ibid.

⁹ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Comparative Occupation Statistics for the United States, 1870 to 1940*, Washington, D.C., 1943.

¹⁰ Ibid.

Occupation and Gender	Number of Gainful Workers ^a	Number in the Experienced Labor Force ^b	Percent Distribution	
			1930	1940
Semiskilled workers	7,973	10,918	16.4	21.0
Unskilled workers	13,792	13,457	28.4	25.9
Nonfarm laborers	6,273	5,566	12.9	10.7
Farm laborers	4,187	3,708	8.6	7.1
Servants	3,332	4,182	6.9	8.0
<i>Men</i>	<i>37,916</i>	<i>39,446</i>	<i>100.0%</i>	<i>100.0%</i>
Professionals	1,498	1,847	4.0	4.7
Proprietors, managers, and officials	9,160	8,702	24.2	22.1
Farmers (owners and tenants)	5,749	5,121	15.2	13.0
Clerical, sales, and related workers	4,865	5,269	12.8	13.4
Skilled workers and supervisors	6,202	6,001	16.4	15.1
Semiskilled workers	5,444	7,336	14.4	18.6
Unskilled workers	10,747	10,292	28.3	26.1
Nonfarm laborers	6,116	5,437	16.1	13.8
Farm laborers	3,607	3,362	9.5	8.5
Servants	1,024	1,492	2.7	3.8
<i>Women</i>	<i>10,679</i>	<i>12,574</i>	<i>100.0%</i>	<i>100.0%</i>
Professionals	1,448	1,535	13.6	12.2
Proprietors, managers, and officials	506	532	4.7	4.2
Farmers (owners and tenants)	263	154	2.5	1.2
Clerical, sales, and related workers	3,072	3,655	28.8	29.1
Skilled workers and supervisors	81	104	0.8	0.8
Semiskilled workers	2,528	3,582	23.7	28.5
Unskilled workers	3,045	3,165	28.5	25.2

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Occupation and Gender	Number of Gainful Workers ^a	Number in the Experienced Labor Force ^b	Percent Distribution	
			1930	1940
Nonfarm laborers	156	130	1.5	1.0
Farm laborers	580	346	5.4	2.7
Servants	2,308	2,690	21.6	21.4

Source: U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Comparative Occupation Statistics for the United States, 1870 to 1940*, Washington, D.C., 1943.

- a. Gainful workers are employed and unemployed persons who reported having a gainful occupation, i.e., an occupation in which they earned money or a money equivalent, or in which they assisted in the production of marketable goods, regardless of their activity at the time the 1930 census was conducted. Although in 1930 and earlier censuses gainful workers between 10 and 13 years old were counted, the Census Bureau excluded them from the data presented in the above table because only persons age 14 and older were included as members of the labor force in the 1940 census. The Bureau made other adjustments to the 1930 count of gainful workers to make the data comparable with the labor force concept introduced in the 1940 census. See the Appendix for additional information.
- b. The size of the experienced labor force is based on a complete count of persons age 14 and older employed for pay or profit (or at unpaid family work) by occupation at the time the 1940 decennial census was taken and a 5% cross-section sample count of the usual occupations of experienced workers seeking jobs and of persons on public emergency work at the time the 1940 census was taken.

Industry Characteristics

No industry except government was immune from the Great Depression. According to the U.S. Bureau of Labor Statistics' annual count of jobs on the payrolls of nonfarm employers, employment dropped by 7.6 million or 24.3% between 1929 and 1933.¹¹ Almost three out of every five jobs lost were from the goods-producing sector, where employment fell by one-third from 13.3 million to less than 9 million. (See **Table 3.**) Within the goods-producing sector, construction and manufacturing workers were the hardest hit: by 1933, there were 45.5% fewer construction jobs and 30.9% fewer manufacturing jobs than in 1929. In absolute terms, manufacturing accounted for over three-fourths of all job losses in the sector. Manufacturers of durable goods bore much of the decrease, with motor vehicle and equipment firms providing 45.5% fewer factory jobs in 1933 than in 1929 for example.¹²

During the 1937-1938 downturn, job losses were even more concentrated in the goods-producing sector. Over three-fourths of the almost 2 million jobs lost in that year were in mining, construction and manufacturing industries. Manufacturing accounted for almost nine out of ten (1.4 out of 1.5 million) job losses in the sector. The milder second downturn produced relatively fewer job cutbacks than the first downturn at manufacturers (12.5%) and construction firms (5.1%).

¹¹ Although the "establishment survey" is limited to nonfarm employers, they have accounted for the majority of total U.S. employment since at least 1900. Annual estimates of employment that were developed retrospectively and appear in *Historical Statistics of the United States, Colonial Times to 1970* (U.S. Bureau of the Census, Washington, D.C., 1975) show that nonfarm employees composed 77% of total U.S. employment in 1929 for example.

¹² U.S. Bureau of Labor Statistics, *Employment, Hours, and Earnings, United States, 1909-90*, Bulletin 2370, vol. I, Washington, D.C., 1991.

Companies in the service-producing sector also felt the Depression's influence as laid off workers became unable to afford their former level of purchases at such establishments as grocers and clothing stores. Employment in the service-producing sector declined by 3.3 million jobs or 18.2% during the 1929-1933 downturn. Job losses in the sector numbered 282,000 or 1.6% during the second downturn of the decade.

Table 3. Employees on Nonfarm Payrolls by Major Industry Group in Peak and Trough Years of the Great Depression
(numbers in thousands)

Industry	1929	1933	1937	1938
All nonfarm industries	31,324	23,699	31,011	29,194
Goods-producing sector	13,301	8,965	12,936	11,401
Mining	1,087	744	1,015	891
Construction	1,512	824	1,127	1,070
Manufacturing	10,702	7,397	10,794	9,440
Service-providing sector	18,023	14,734	18,075	17,793
Transportation and public utilities	3,916	2,672	3,134	2,863
Wholesale and retail trade	6,123	4,755	6,265	6,179
Finance, insurance, and real estate	n.a.	n.a.	n.a.	1,447
Services	n.a.	n.a.	n.a.	3,502
Government (excludes public emergency workers)	3,065	3,166	3,756	3,883

Source: U.S. Bureau of Labor Statistics, *Employment, Hours, and Earnings, United States, 1909-90*, Bulletin 2370, vol. I and II, Washington, D.C., 1991.

Notes: The Current Employment Statistics (CES) program queries nonfarm employers about the number of jobs on their payrolls, and therefore, excludes self-employed persons and unpaid family workers who are counted in censuses and surveys of the population. However, employer surveys are considered a more accurate count of employment than can be gleaned from individuals through population censuses and surveys. n.a.=not available.

Agricultural employment fell as well during the 1930s. Droughts and dust storms led farm families to migrate from such states as Oklahoma and Arkansas, and the introduction of technological innovations (e.g., tractors, combines, mechanical cotton and corn pickers) displaced sharecropper families.¹³ The number of persons working in agriculture was estimated to have

¹³ Mitchell Broadus, "Depression Decade: From New Era to New Deal, 1929-1942," in *Economic History of the United States*, vol. IX (New York: Holt, Rhinehard, and Winston, 1962).

been about 10.5 million in 1929.¹⁴ Farm employment decreased steadily to about 10.0 million by 1933. It remained largely unchanged through 1937, after which the decline in farm employment resumed.

Part-time Employment

Of the 2.5 million workers on the payrolls of the 6,551 firms that responded to a federal government questionnaire sent to 25,000 firms in March 1932, 56% were employed part-time. Part-timers were even more prevalent in manufacturing industries in which they represented 63% of all workers at the companies that responded. The high incidence of part-time employment was involuntary; that is, people worked fewer hours than they would have preferred due to the low operating rates at the surveyed firms. Only 26% of the responding firms were operating on full-time schedules and only 28% were open five or more days a week.¹⁵

Part-time employment also was a deliberate strategy pursued under both the Hoover and Roosevelt Administrations. “Work-sharing” was intended to spread across employees the scarcer work hours that resulted from greatly reduced demand for goods and services. But,

[w]here President Hoover had tried to prevent the loss of some jobs by persuading industry leaders to cut hours, President Roosevelt tried, with some success, to reemploy many of those who had lost jobs by cutting hours still further and establishing minimum wages.¹⁶

Before the National Industrial Recovery Act was declared unconstitutional in 1935, “business adopted voluntary codes, including minimum wages and maximum hours. These foreshadowed the Fair Labor Standards Act of 1938,” which “contained a work sharing measure in the form of an overtime penalty for weekly hours more than 40.”¹⁷

Unemployment

The unemployment rate rose from 3.2% in 1929 to 24.9% in 1933 during the Great Depression’s more severe first downturn. While almost 1.6 million persons were unemployed in 1929, more than 12.8 million individuals lacked jobs in 1933. The unemployment rate declined during the brief recovery and measured 14.3% in 1937, when the second downturn began. Although the Great Depression came to an end in June 1938, the unemployment rate averaged 19.0% for the year. The number of unemployed persons jumped by almost 3 million (from 7.7 million to 10.4 million) between 1937 and 1938.¹⁸

¹⁴ Annual estimates of the number of employed and unemployed persons nationally and in the farm sector and nonfarm sector appear in U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (Washington, D.C., 1975). These estimates are not available for the individual nonfarm industries shown in **Table 3**. They are not consistent with data from the decennial censuses and the establishment survey. The estimates were constructed retrospectively to be comparable with the Current Population Survey which was initiated in 1940.

¹⁵ William J. Barrett, “Extent and Methods of Spreading Work,” *Monthly Labor Review*, September 1932.

¹⁶ Martin Nemirow, “Work-sharing Approaches: Past and Present,” *Monthly Labor Review*, September 1984, p. 35.

¹⁷ *Ibid.*, pp. 35-36.

¹⁸ U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (Washington, D.C., 1975). These retrospectively constructed estimates are not consistent with data from the decennial censuses.

Demographic Characteristics

Gender

In relative terms, women experienced a greater increase in unemployment than men (304% and 208%, respectively) between 1930 and 1940. (See **Table 4**.) Contributing to the elevated joblessness of women was their entering the labor force at an accelerated pace during such poor economic times, which they did in part to compensate for the unemployment of their spouses.¹⁹ Although the percentage of women unemployed rose during the 1930s, their unemployment rate remained below that of men at 13.6% and 15.4%, respectively, in 1940. The Census Bureau suggested that this might be explained by women being more likely to leave the labor force upon losing their jobs while men were more likely to search for another job and therefore continue to be counted as members of the labor force.²⁰ Women's lower unemployment rate also might have been associated with "less unemployment in the clerical and service occupations in which women predominate, and because women tend to secure jobs formerly held by men."²¹

Age

The increase in unemployment was greatest among young workers. As shown in **Table 4**, the number of unemployed 14 to 24 year olds rose by 251% between 1930 and 1940. Since the younger members of this group often are leaving school and looking for their initial jobs, one would expect them to encounter more unemployment than other labor force participants. Additionally, their lack of experience could make it difficult to find another job once laid off. As previously mentioned, the then recently enacted Fair Labor Standards Act (which prohibited 14- and 15-year-olds from working for manufacturers) effectively limited the job options of the very youngest workers as well.

Among workers age 25 and above, persons between 45 and 64 years old suffered the largest increase in unemployment. Although the Census Bureau did not calculate separate figures for workers age 55 to 64, it speculated that such data would reveal a greater proportion of unemployment in the older subset than among those age 45 to 54.²² This speculation was borne out by two special state censuses of unemployment. In Michigan in 1935, 16.8% of employable persons age 45 to 49 and 19.5% of those age 50 to 54 were unemployed in contrast with 23.0% of employables age 55 to 59 and 27.3% of those age 60 to 64.²³ (Employables were defined as persons either employed or looking for work.) Similarly, in Massachusetts in 1934, between 22.0% and 23.3% of employables age 45 to 54 were jobless compared to between 26.0% and 30.0% of those age 55 to 64.²⁴

¹⁹ Mitchell Broadus, "Depression Decade: From New Era to New Deal, 1929-1941," in *Economic History of the United States*, vol. IX (New York: Holt, Rinehart, and Winston, 1962).

²⁰ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of the Labor Force, Employment, and Unemployment in the United States, 1940 and 1930*, Washington, D.C., 1944.

²¹ Mitchell Broadus, "Depression Decade: From New Era to New Deal, 1929-1941," in *Economic History of the United States*, vol. IX (New York: Holt, Rinehart, and Winston, 1962), p. 98.

²² U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of the Labor Force, Employment, and Unemployment in the United States, 1940 and 1930*, Washington, D.C., 1944.

²³ "Michigan Population and Unemployment Census, 1935," *Monthly Labor Review*, November 1936.

²⁴ "Census of Unemployment in Massachusetts," *Monthly Labor Review*, December 1934.

Table 4. Unemployment by Gender and Age, 1930 and 1940

(numbers in thousands)

Gender and Age	Number Unemployed		Unemployment Rate	
	1930	1940	1930	1940
Men	2,011	6,185	5.4%	15.4%
14-19 years	220	867	7.9	33.1
20-24 years	338	1,074	7.1	21.3
25-44 years	846	2,361	4.8	12.5
45-64 years	528	1,698	5.2	14.2
65 years and over	79	185	4.4	10.0
Women	440	1,776	4.2	13.6
14-19 years	146	434	9.2	31.1
20-24 years	94	425	4.1	15.8
25-44 years	140	592	3.2	9.7
45-64 years	56	307	3.0	12.0
65 years and over	4	18	1.6	6.5

Source: U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of Labor Force, Employment and Unemployment in the United States, 1940 and 1930*, Washington, DC, 1944.

Notes: The Census Bureau adjusted the data from the 1930 census to accord with labor force definitions utilized in the 1940 census. The Bureau did not adjust estimates by race.

The Census Bureau noted that the comparatively low unemployment rates of workers age 65 and older

cannot be interpreted to mean that employment opportunities were most favorable for aged persons. Workers who lose their jobs at ages over 65 tend to retire from the labor force rather than undertake new enterprises or to search for jobs in competition with younger workers.²⁵

Race

Although data on minority workers was very limited, it appears that black workers made up a disproportionate share of unemployed persons. In January 1934, for example, blacks comprised just 1.2% of all employables in Massachusetts, but 33.2% of employable blacks did not have jobs. In contrast, many fewer employable whites were unemployed (19.0%) despite their accounting for virtually all employables in the state (98.8%).²⁶ Similarly, based on a 19-city survey conducted in 1931, black women were a larger proportion of all unemployed women in each city

²⁵ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of the Labor Force, Employment, and Unemployment in the United States, 1940 and 1930*, Washington, D.C., 1944, p. 3.

²⁶ "Census of Unemployment in Massachusetts," *Monthly Labor Review*, December 1934.

than they were of all gainful women workers in each city. The converse was true among white women.²⁷

The rate of increase in unemployment among blacks also was greater than among whites. Between February 1929 and February 1930, for example, there was an 8% rise in joblessness among usually gainfully employed black men in Baltimore compared to a 2% rise among white men. Similarly, unemployment among black women in Baltimore climbed 13% compared to 7% among white women in the one-year period.²⁸

The greater impact of the Depression on older men appears to have been compounded for black men. Once laid off, they were “at a disadvantage [in the labor market] on account of their age and on account of their race.”²⁹

Occupational and Industry Characteristics

Lower skilled workers were more adversely affected by the Depression than higher skilled workers. For example, while semiskilled workers represented 16.5% of gainful workers in 1930, they accounted for a larger share of all unemployed persons (25.3%) in 1937.³⁰ Nonfarm laborers similarly were greatly overrepresented among the unemployed. In contrast, farmers and other proprietors, managers, and officials as well as professional and clerical workers were underrepresented among the unemployed compared to their presence among gainful workers. (See **Table 5**.)

The manufacturing, services, and construction industries accounted for a majority (63%) of all unemployed persons in 1937.³¹ In 1937, 29% of all jobless persons formerly worked for manufacturers, with nearly one-fourth having been employed by iron and steel producers. Another 12% had worked in textile industries and 10% in clothing industries. Service-related firms (e.g., recreation and amusement, hotels, restaurants, and professional services) accounted for almost 18% of the unemployed. Some 16% of jobless persons were formerly employed in the construction industry.

²⁷ “Unemployment Among Women in the Early Years of the Depression,” *Monthly Labor Review*, April 1934.

²⁸ U.S. Bureau of Labor Statistics, “Surveys of Unemployment in Baltimore, 1928, 1929, and 1930,” *Handbook of Labor Statistics*, Washington, D.C., 1931.

²⁹ John D. Durand, *The Labor Force in the United States, 1890-1960* (New York: Social Science Research Council, 1948), p. 115.

³⁰ The 1937 census of unemployment collected information from unemployed persons only. The *Final Report on Total and Partial Unemployment, 1973* compared its unemployment estimates with data on gainful workers from the then most recent source of national data, namely, the 1930 census of population.

³¹ U.S. Office of Administrator of the Census of Partial Employment, Unemployment, and Occupations, *Final Report on Total and Partial Unemployment, 1973*, vol. I, Washington, D.C., 1938.

Table 5. Distribution of the Unemployed by Occupation in 1937 and the Distribution of Gainful Workers by Occupation in 1930

(15-74 year olds)

Occupation	Unemployed Workers	Gainful Workers
Total	100.0%	100.0%
Professionals	3.4	6.1
Farmers (owners and tenants)	2.5	12.2
Other proprietors, managers, and officials	1.4	7.5
Clerical, sales and related workers	14.0	16.4
Skilled workers and supervisors	14.6	13.0
Semiskilled workers	25.3	16.5
Nonfarm laborers	19.9	12.9
Farm laborers	10.8	8.4
Servants	8.1	6.9

Source: U.S. Office of Administrator of the Census of Partial Employment, Unemployment, and Occupations, *Final Report on Total and Partial Unemployment, 1937*, vol. I, Washington, D.C., 1938.

Notes: The 1930 decennial census provided the latest nationwide count of gainful workers to which the 1937 count of unemployed workers could be compared. (See the Appendix for the definition of gainful workers.) The two also used the same occupational classification system. To attain age comparability between the 1937 unemployment registration and the 1930 census, the U.S. Office of the Administrator adjusted the census data to remove persons under age 15 and over age 74. The number of unemployed persons in 1937 includes public emergency workers and excludes new workers and workers who did not report an occupation.

Duration of Unemployment

Very long spells of unemployment were common during the 1930s. Among unemployed men in Massachusetts in January 1934, for example, 62% had been without jobs a year or longer while 45% had not worked in two or more years, 25% in three or more years, and 11% in the previous four or more years.³² Women in the state fared slightly better with 54% unemployed a year or longer; 35%, two or more years; 18%, three or more years; and 8%, four or more years.

Long periods of unemployment remained prevalent later in the decade as well. Of the 4.7 million unemployed persons who reported the number of weeks they had worked during the preceding 12 months, 31% had been jobless for more than one year as of November 1937.³³ Even in 1940, after the Great Depression had ended, workers still were experiencing extended periods of unemployment. Of unemployed workers who reported when they were last employed, one-third had not held a job in a year or more.³⁴

³² "Census of Unemployment in Massachusetts," *Monthly Labor Review*, December 1934.

³³ U.S. Office of Administrator of the Census of Partial Employment, Unemployment, and Occupations, *Final Report on Total and Partial Unemployment*, vol. I, Washington, D.C., 1938.

³⁴ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: The Labor Force*, Washington, D.C., 1943.

Geographic Characteristics

Although it is unlikely that any geographic area was not touched by the Depression, some areas felt it more than others. In 1940, the Middle Atlantic region reported the highest rate of unemployment (13.6%) and two states within it—Pennsylvania (14.4%) and New York (13.7%)—had the highest jobless rates in the nation. In New England, which had the next highest unemployment rate (10.6%), every state except Connecticut and Vermont reported double-digit rates. Both the Pacific and Mountain regions also reported over one-tenth of their workers unemployed. (See **Table 6.**)

At the other end of the spectrum, the South Atlantic region had the lowest unemployment rate in the nation. On a state-by-state basis, South Carolina (4.0%) in the South Atlantic region and Mississippi (4.8%) in the East South Central region reported the lowest unemployment rates.

The number of workers laid off from manufacturing industries was large, the particular industries varying by region.³⁵ In New England, for example, there were substantial layoffs in the shoe, textile, and steel manufacturing industries. In the Middle Atlantic region, job losses were high at clothing, textile, and steel manufacturers. Layoffs were prevalent in the steel and auto industries of the East North Central region.

Farming, a major source of jobs at the time, accounted for much of the unemployment in other regions. They were the South Atlantic, East South Central, West South Central, West North Central, and Mountain regions.

Table 6. Unemployment Rates by Region and State, 1940

Region by State	Unemployment Rate	Region by State	Unemployment Rate
<i>New England</i>	10.6%	Georgia	5.3%
Connecticut	8.7	Maryland	7.4
Maine	11.8	North Carolina	5.4
Massachusetts	11.2	South Carolina	4.0
New Hampshire	10.3	Virginia	6.4
Rhode Island	12.3	West Virginia	11.2
Vermont	7.2	<i>East South Central</i>	7.2
<i>Middle Atlantic</i>	13.6	Alabama	6.6
New Jersey	11.4	Kentucky	9.6
New York	13.7	Mississippi	4.8
Pennsylvania	14.4	Tennessee	7.3
<i>East North Central</i>	9.0	<i>West South Central</i>	8.3
Illinois	9.1	Arkansas	6.9
Indiana	8.0	Louisiana	8.1

³⁵ U.S. Office of Administrator of the Census of Partial Employment, Unemployment, and Occupations, *Final Report on Total and Partial Unemployment*, vol. I, Washington, D.C., 1938.



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Region by State	Unemployment Rate	Region by State	Unemployment Rate
Michigan	9.4	Oklahoma	10.2
Ohio	9.5	Texas	8.1
Wisconsin	8.4	<i>Mountain</i>	10.2
<i>West North Central</i>	8.0	Arizona	11.0
Iowa	6.4	Colorado	9.5
Kansas	7.3	Idaho	10.2
Minnesota	10.0	Montana	10.3
Missouri	8.5	Nevada	8.9
Nebraska	6.8	New Mexico	12.1
North Dakota	7.2	Utah	10.1
South Dakota	6.4	Wyoming	8.7
<i>South Atlantic</i>	6.5	<i>Pacific</i>	10.3
Delaware	7.6	California	10.6
District of Columbia	7.2	Oregon	9.7
Florida	7.6	Washington	9.9

Source: U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Comparative Occupation Statistics for the United States, 1870 to 1940*, Washington, D.C., 1943.

In summary, about one in every four workers in the nation was unemployed in the worst year of the Great Depression. Many workers were unemployed for much longer than one year. Of those fortunate to have jobs, many experienced cutbacks in hours, and hence, earnings. Men—particularly those older and black—were among the most adversely affected during a time when age- and race-based employment discrimination were not unlawful and when occupational shifts in labor demand were operating against them. Lower skilled workers were at a greater disadvantage in the labor market than higher skilled workers. Those who toiled on farms and in factories were displaced in especially large numbers. And, states whose economies were dependent upon agriculture and manufacturing reported comparatively high unemployment rates.

Comparison with the Recession That Began in December 2007

The following analysis compares the Great Depression with the eleventh recession of the post-World War II period. It utilizes, when possible, seasonally adjusted monthly data for December 2007 (the recession's start) and the latest month in 2009 for which data are available. In those cases in which the U.S. Bureau of Labor Statistics (BLS) does not adjust monthly data for seasonal fluctuations, which prevents month-to-month comparisons, annual average data for 2008 are used. For the Depression period, data from tables earlier in the report are supplemented with data from the 1940 decennial census when it provides statistical series more akin to those available today.

From a labor market perspective, the eleventh recession in the post-World War II period is reminiscent in several respects of the Great Depression. The similarities are not unique to the two

economic downturns, however. They are shared with many of the recessions that occurred in the intervening years. Analogously, the Great Depression differs from the latest and intervening recessions by having had a much worse effect on workers based on labor force measures (e.g., unemployment rate) and on the lack of a pre-existing safety net of government programs.

Similarities

There are a number of similarities between the characteristics of the unemployed during the Great Depression and the recession that began in December 2007. Three similarities are intertwined:

1. The cyclically sensitive goods-producing sector lays off workers during recessions in numbers that are out of proportion to the sector's share of total employment.³⁶
2. The concentration of blue-collar occupations in the goods-producing sector means that workers in these jobs are particularly vulnerable to displacement during downturns in the business cycle.
3. Men, who dominate the ranks of workers in the goods-producing sector and in blue-collar occupations, typically are more adversely affected by recessions than women.

Workers in the mining, construction, and manufacturing industries are overrepresented among those who lose jobs during economic downturns. About 40% of nonfarm jobs during the Great Depression were in the goods-producing sector, but it accounted for 57% of all jobs cut from employer payrolls between 1929 and 1933 and 77% between 1937 and 1938.³⁷ By 2008, the goods-producing sector's share of nonfarm employment had fallen to 15.6%. Nonetheless, 50.4% of employees who lost jobs between December 2007 and May 2009 formerly worked in the mining, construction, and manufacturing industries.³⁸

Workers in blue-collar occupations historically have accounted for a majority of employment in the cyclically sensitive goods-producing sector. In 1940, 66.1% of craft workers, operatives, and nonfarm laborers were employed in the mining, construction, and manufacturing industries.³⁹ The same holds true, albeit to a lesser extent, today: 51.1% of persons employed in construction and extraction occupations (e.g., craft workers, laborers) and in production occupations (e.g., machine operators, assemblers) work in the mining, construction and manufacturing industries.⁴⁰ As a result, workers in blue-collar occupations are at a higher than average risk of displacement during recessions.⁴¹

³⁶ The goods-producing sector is more sensitive to downturns in the business cycle than the service-providing sector because inventories of goods produced by the mining, construction and manufacturing industries build up due to reduced product demand during recessions. Firms in these industries consequently cut production and layoff workers as unsold homes and cars, for example, accumulate. Not until inventories diminish sufficiently do businesses increase production and not until they are confident that a sustained recovery is underway do firms (re)hire workers.

³⁷ Calculated from the data in **Table 3**.

³⁸ BLS, data from the Current Employment Statistics program, <http://stats.bls.gov/ces>.

³⁹ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: The Labor Force*, Washington, D.C., 1943.

⁴⁰ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps/cpsaat17.pdf>.

⁴¹ During the 2001-2002 period, which encompassed the 2001 recession, the rate of job loss among long-tenured (continued...)

The greater concentration of men in cyclically sensitive industries and occupations contributes to the more adverse impact of recessions on male members of the labor force. One means of measuring this differential effect is to examine the trend in employment by gender. During the Great Depression, the number of employed women increased while the number of employed men decreased.⁴² In 1940, men accounted for 94.3% of persons employed in the mining industry, 98.3% of those in the construction industry, and 78.0% of workers in the manufacturing industry.⁴³ In that year, men also composed 97.9% of craft workers, 96.8% of nonfarm laborers, and 75.2% of operatives and related workers.⁴⁴ Seven decades later, men remain the dominant jobholders in the goods-producing sector: in 2008, men accounted for 87.2% of employment in mining, 90.3% in construction, and 70.7% in manufacturing.⁴⁵ Last year, men also composed 97.5% of workers in construction and extraction occupations (e.g., craft workers, laborers) and 70.3% workers in production occupations (e.g., machine operators, assemblers).⁴⁶ Partly as a result, men's employment overall fell precipitously—by 5.4% (4.3 million)—from 78.3 million in December 2007 to 74.0 million in May 2009. Despite their somewhat increased presence over time in these industries and occupations, women experienced substantially less job loss than men during the current recession. The number of employed women fell 2.2% (1.5 million) from 68.0 million in December 2007 to 66.5 million in May 2009.⁴⁷

The comparatively worse impact of recessions on male employment is not limited to the Great Depression and the recession that began in December 2007. According to an analysis conducted in 1993 of data from the Current Employment Statistics program, which began to collect data by gender in 1964, most of those who lost jobs in the five recessions that occurred between December 1969 and March 1991 were men. The researchers found that although women lost jobs in the last two of the five recessions covered by their analysis, men lost 9 to 19 times more jobs than women in the July 1990-March 1991 and July 1981-November 1982 recessions, respectively. They concluded that

[t]he chief explanation for the vast differences in employment loss between women and men in recessions concerns the proportions of jobs held by women in the various industries.... [B]ecause the goods-producing industries bear most of the job loss during recessions and because employment in this sector is heavily male, men lose the great majority of jobs in recessions. The industry divisions that fare best during recessions, services and government, have a high concentration of women, partially accounting for women's relative job stability."⁴⁸

(...continued)

workers previously employed in production occupations was 8.7% while the average displacement rate was a much lower 4.8%. (This is the latest recessionary period for which data are available from BLS' Displaced Worker Survey.) See the following report for additional information on the risk of displacement by occupation, industry, and other variables over time, CRS Report RL32292, *Offshoring (a.k.a. Offshore Outsourcing) and Job Insecurity Among U.S. Workers*, by Linda Levine.

⁴² See **Table 1**.

⁴³ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: The Labor Force*, Washington, D.C., 1943.

⁴⁴ *Ibid.*

⁴⁵ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps/cpsaat17.pdf>.

⁴⁶ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps/cpsaat11.pdf>.

⁴⁷ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps>.

⁴⁸ William Goodman, Stephen Antczak, and Laura Freeman, "Women and Jobs in Recessions: 1969-92," *Monthly Labor Review*, July 1993, p. 28-29.

The more negative effect of the Great Depression and recent recessions on male members of the labor force also is discernible from unemployment statistics. As was the case during the Depression,⁴⁹ unemployed men as a proportion of the male labor force exceeded unemployed women as a proportion of the female labor during the last three recessions. At the end of the 1981-1982 recession in November, the unemployment rate among men measured 11.1% compared to 10.2% among women; at the end of the 1990-1991 recession in March, the male unemployment rate was 7.2% compared to a female unemployment rate of 6.3%; and at the end of the 2001 recession in November, the unemployment rate for men measured 5.7% compared to 5.4% for women. Similarly, in May 2009, 17 months into the latest recession, men's unemployment rate was 10.5% as opposed to women's unemployment rate of 8.0%.⁵⁰

Research also suggests that varying trends in the growth rates of male- and female-dominated industries contributed to the relatively worse unemployment experience of men starting with the 1981-82 recession.⁵¹ More specifically, it was estimated that faster employment growth in industries with large concentrations of women compared to industries with large concentrations of men narrowed the female-male unemployment differential to the point where men's unemployment rate exceeded that of women during recent recessions—in stark contrast with the comparative level of their unemployment rates during most of the post-World War II period.

4. Lower-skilled workers are more susceptible to unemployment than higher-skilled workers.

The incidence of unemployment tends to vary inversely with the skill level of a worker (regardless of the stage of the business cycle).⁵² In 1940, the unemployment rate among craft workers (13.7%) and nonfarm laborers (19.5%) was substantially higher than the unemployment rate among professionals (2.4%) and nonfarm proprietors, managers, and officials (2.0%), for example.⁵³ Unemployment rates by occupation show the same pattern today. The unemployment rate of workers in management, professional, and related occupations (2.7%) was well below the rate of natural resources, construction, and maintenance occupations (8.8%) and production occupations (7.7%) in 2008.⁵⁴

Looking at the data in terms of changes in employment reveals the same pattern: higher-skilled workers weather economic downturns better than lower-skilled workers on average. Between 1930 and 1940, employment among professionals and nonfarm proprietors, managers, and

⁴⁹ See **Table 4** for 1930 and 1940 unemployment rates by gender.

⁵⁰ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps>.

⁵¹ Larry DeBoer and Michael Seeborg, "The Female-Male Unemployment Differential: Effects of Changes in Industry Employment," *Monthly Labor Review*, November 1984, pp. 8-15.

⁵² Often, occupational groups are used as proxies for skill level. An occupational group's comparative skill level is based on the predominant number of years of schooling completed by persons employed in the group. In 1940, for example, 68.1% of professional and related workers had attended or completed college as had 20.3% of nonfarm proprietors, managers and officials (except farm) and 18.4% of clerical, sales and related workers. In contrast, 35.1% of nonfarm laborers, 38.6% of operatives and related workers, and 41.7% of craft and related workers had at most completed the first seven or eight years of elementary school. U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Comparative Occupation Statistics for the United States, 1870 to 1940*, Washington, D.C., 1943.

⁵³ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: The Labor Force*, Washington, D.C., 1943.

⁵⁴ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps/cpsaat25.pdf>.

officials increased.⁵⁵ Similarly, between 2007 and 2008, employment of comparatively high-skilled workers increased by 973,000 among management, professional and related occupations.⁵⁶ In contrast, employment among craft workers and nonfarm laborers decreased during the Depression period. Employment of workers in construction and extraction occupations and in production occupations decreased as well between 2007 and 2008, falling by 934,000 and 422,000, respectively.

5. Once unemployed, older workers have a more difficult time becoming reemployed.

The high proportion of workers under 25 years old who were unemployed at the time of the [1940] census were due to a comparatively rapid turnover in employment, with frequent but relatively short periods of idleness. Among workers 55 to 64 years old, on the other hand, unemployment apparently occurred less frequently, but those who lost their jobs experienced relatively great difficulty in finding another job, and tended to remain unemployed for comparatively long periods.⁵⁷

In 1940, the median duration of unemployment was about seven months for job seekers up to age 35. The length of unemployment spells increased for each age group thereafter.⁵⁸

The pattern of older workers having more difficulty finding new jobs has recurred. In 2008, the median duration of unemployment for all workers was 9.4 weeks as opposed to 12.2 weeks for 45 to 54 year olds and 11.8 weeks for 55 to 64 year olds.⁵⁹ Jobless workers age 45 and older also were overrepresented among the long-term unemployed (i.e., those without jobs for at least six months). While 28.5% of all unemployed workers were at least 45 years old, these baby-boom generation workers accounted for 37.8% of the long-term unemployed.

As was the case during the Depression, some speculate that age discrimination plays a role in the reemployment problems of today's older workers. For example, the publisher of a job listing website (Workforce50.com) recently asserted that older workers suffer from a misperception among employers of "being overqualified, overpriced, technologically challenged and inflexible."⁶⁰ "Many out-of-work baby boomers have despaired as they wonder whether to trim their resumes to avoid giving away their decades of work experience, or to dye their hair."⁶¹ A report by the House Select Committee on Aging offered age discrimination as one explanation for the reemployment difficulties of older workers during the steep 1981-1982 recession, when the national unemployment rate last broke 10%.⁶²

6. The number of people involuntarily working part-time increases during economic downturns.

⁵⁵ See **Table 2**.

⁵⁶ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps>.

⁵⁷ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: The Labor Force (Sample Statistics)*, Part I: General Characteristics, Washington, D.C., 1943, p. 15.

⁵⁸ *Ibid.*

⁵⁹ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps/cpsaat31.pdf>.

⁶⁰ Tiffany Hsu, "Older Jobless Workers Face Tough Prospects," *Chicago Tribune*, May 3, 2009.

⁶¹ Michael Luo, "Longer Unemployment for Those 45 and Older," *The New York Times*, April 13, 2009.

⁶² U.S. Congress, House Select Committee on Aging, *The Unemployment Crisis Facing Older Americans*, 97th Cong., 2nd sess., October 8, 1982, Comm. Pub. No. 97-367 (Washington: GPO, 1982).

Just as involuntary part-time employment increased during the 1930s, so too has it grown today. The number of persons working part-time for economic reasons, that is, who would prefer full-time jobs if they were available, almost doubled in nonfarm industries between December 2007 and May 2009, from 4,548,000 to 8,928,000.⁶³

Differences

In Magnitude

There are substantial differences in the extent of unemployment during the Great Depression and the current recession. The unemployment rate rose almost eight-fold between 1929 (3.2%) and 1933 (24.9%). In contrast, it almost doubled between December 2007 (4.9%) and May 2009 (9.4%). At the peak of unemployment during the Great Depression (1933), one in four workers was unemployed, in contrast with fewer than one in eleven today. To approximate the pervasiveness of unemployment at the depth of the Depression, the number of workers without jobs would have to have totaled 38.6 million in May 2009, which is 24 million more workers than were unemployed this May (14.5 million).⁶⁴

Employers cut the total number of jobs on their payrolls much more deeply during the Great Depression than they have thus far in the latest recession. Between 1929 and 1933, employment on nonfarm payrolls fell by 24.3%, compared to 4.3% thus far in the recession. To approximate the relative extent of cutbacks that took place over the four-year period between 1929 and 1933, employers would have had to have shed 27.6 million more workers than they did between December 2007 and May 2009. In the goods-producing sector, 7.2 million rather than 3.0 million workers would have to have been laid off since the recession began to equal the relative impact of the four-year (1929-1933) decline. Within the goods-producing sector, construction companies would have had to have pared payrolls by 2.2 million more jobs than the 1.2 million positions cut through May 2009. Manufacturers would have had to have let go 2.5 million workers beyond the 1.8 million they displaced since December 2007 if the industry was in as relatively bad shape as it was in 1933.⁶⁵

A comparison between these labor force measures two years into the Depression and thus far in the ongoing recession similarly shows the latter to be less severe than the former. By 1931, the unemployment rate had risen to 15.9% or five times higher than the 3.2% recorded in 1929.⁶⁶ In contrast, the unemployment rate almost doubled 17 months into the latest recession (going from 4.9% in December 2007 to 9.4% in May 2009).⁶⁷ To approximate the pervasiveness of unemployment in 1931, the number of workers without jobs would have to have totaled 24.7 million in May 2009, which is 10 million more workers than were unemployed in that month.

⁶³ BLS, data from the Current Population Survey, <http://stats.bls.gov/cps>.

⁶⁴ The analysis in this paragraph is based on depression-era data from *Historical Statistics of the United States, Colonial Times to 1970* (U.S. Bureau of the Census, Washington, D.C., 1975) and recent data from BLS, Current Population Survey.

⁶⁵ The analysis in this paragraph is based on depression-era data in BLS, *Employment, Hours, and Earnings, United States, 1909-90*, Bulletin 2370, vol. I, Washington, D.C., 1991, and data for later years from BLS, Current Employment Statistics program.

⁶⁶ U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (Washington, D.C., 1975).

⁶⁷ BLS, data from the Current Population Survey.

Similarly, the 4.3% decrease in nonfarm payroll employment 17 months into the recession compares favorably with the 15.0% decrease recorded two years into the Depression.⁶⁸ To approximate this difference in job loss, employers would have had to have let go 14.7 million more workers than they did between December 2007 and May 2009. In the goods-producing sector, 5.0 million rather than 3.0 million workers would have to have been laid off since the current recession began to equal the relative impact of the 1929-1931 decline. Within the goods-producing sector, construction companies would have had to have pared payrolls by 1.4 million jobs rather than the 1.2 million positions eliminated through May 2009. Manufacturers would have had to have shed almost 1.5 million workers beyond the 1.8 million displaced since December 2007 if the industry was performing as badly as it had two years into the Depression.

Geographically

At least part of the different effect by geographic area of the Great Depression and current recession flows from the industry composition of states. As shown in **Table 7**, many of the states in the East North Central region had among the highest unemployment rates in May 2009 (the latest month for which state data are available). The difficulties of the area, whose employment base remains heavily dependent upon goods production,⁶⁹ reflect the current recession's intensification of the long-term problems of U.S. manufacturers—particularly those companies that directly and indirectly employ many of the region's workers at auto assembly plants and parts suppliers.⁷⁰ In contrast, the Middle Atlantic and New England regions reported the highest unemployment rates in 1940.⁷¹ The comparatively better unemployment picture in these regions during the current recession likely is associated with diversification of their employment away from manufacturing industries (e.g., shoe, clothing, and textile production) over the past several decades.⁷²

Another reason for the different geographic effect of the Great Depression and the current recession is the varying impact of the two downturns in nonmanufacturing industries. Many states that were dependent on the agricultural industry suffered greatly during the 1930s. The unemployment rates of states from which farmers migrated (e.g., Oklahoma, Kansas, Texas, New Mexico, and Arkansas) might otherwise have been higher, while those migrants who were unable to find work might have raised the unemployment rates of agricultural states to which they were

⁶⁸ BLS, *Employment, Hours, and Earnings, United States, 1909-90*, Bulletin 2370, vol. I, Washington, D.C., 1991, and BLS, Current Employment Statistics program.

⁶⁹ In 2008, according to data from the Current Employment Statistics program, manufacturing jobs accounted for 11.1% of total nonfarm employment in Illinois, 17.7% in Indiana, 13.8% in Michigan and Ohio, and 17.2% in Wisconsin. The proportion in every state in the East North Central region was well above the average for the nation of 9.8% in 2008.

⁷⁰ Some states in other regions that are comparatively dependent on motor vehicle and parts manufacturing similarly have comparatively high unemployment rates (e.g., Kentucky, North Carolina, South Carolina, and Tennessee) as shown in **Table 7**. See also "Southeast Auto Parts Makers Feel Detroit's Pain," *MSN Money*, May 12, 2009.

⁷¹ See **Table 6**.

⁷² In 2008, according to data from the Current Employment Statistics program, manufacturing's share of total nonfarm employment in the Middle Atlantic region (7.9%) was well below the national average (9.8%). Specifically, the proportion in New Jersey was 7.4%; in New York, 6.1%; and in Pennsylvania, 11.1%. Manufacturing's share of total nonfarm employment in the New England region was equal to the national average of 9.8%. The shares of Maine (9.6%) and Massachusetts (8.7%) were below the average, while those of Connecticut (11.0%), New Hampshire (11.7%), Rhode Island (10.0%) and Vermont (11.4%) were above the average for the nation.



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By William N. LaForge

Testifying Before Congress

attracted (e.g., Arizona, California, Idaho, Oregon, and Washington).⁷³ In the current recession, states whose growth had been fueled in part by other nonmanufacturing industries—construction and real estate services—had double-digit unemployment rates in May 2009 (e.g., California, Nevada and Oregon; see **Table 7**).⁷⁴ Contributing to the comparatively poor labor market conditions in the two Pacific states and in North Carolina, among other states, is their reliance on industries that did not even exist in the 1930s, such as high-tech, with enterprises located in California’s Silicon Valley, Oregon’s Silicon Forest, and North Carolina’s Research Triangle.⁷⁵

Table 7. Unemployment Rates by Region and State, May 2009

Region by State	Unemployment Rate	Region by State	Unemployment Rate
<i>New England</i>	8.3%	Maryland	7.2
Connecticut	8.0	North Carolina	11.1
Maine	8.3	South Carolina	12.1
Massachusetts	8.2	Virginia	7.1
New Hampshire	6.5	West Virginia	8.6
Rhode Island	12.1	<i>East South Central</i>	10.3
Vermont	7.3	Alabama	9.8
<i>Middle Atlantic</i>	8.3	Kentucky	10.6
New Jersey	8.8	Mississippi	9.6
New York	8.2	Tennessee	10.7
Pennsylvania	8.2	<i>West South Central</i>	7.0
<i>East North Central</i>	11.0	Arkansas	7.0
Illinois	10.1	Louisiana	6.6
Indiana	10.6	Oklahoma	6.3
Michigan	14.1	Texas	7.1
Ohio	10.8	<i>Mountain</i>	7.8
Wisconsin	8.9	Arizona	8.2
<i>West North Central</i>	7.3	Colorado	7.6
Iowa	5.8	Idaho	7.8
Kansas	7.0	Montana	6.3
Minnesota	8.2	Nevada	11.3
Missouri	9.0	New Mexico	6.5
Nebraska	4.4	Utah	5.4
North Dakota	4.4	Wyoming	5.0

⁷³ See **Table 6**.

⁷⁴ Jennifer Robison, “Nevada Economy,” *Las Vegas Review-Journal*, May 23, 2009; Peter Wong, “Is This Recession Oregon’s Worst?,” *Statesman Journal*, May 17, 2009; and Bob Willis, “California’s Unemployment Rate Rises to 26-Year High,” *Bloomberg.com*, March 20, 2009.

⁷⁵ “Recession Suddenly Humbles High-Tech Sector,” *The Sacramento Bee*, May 24, 2009.

Region by State	Unemployment Rate	Region by State	Unemployment Rate
South Dakota	5.0	Pacific	11.1
South Atlantic	9.6	Alaska	8.4
Delaware	8.1	California	11.5
District of Columbia	10.7	Hawaii	7.4
Florida	10.2	Oregon	12.4
Georgia	9.7%	Washington	9.4

Source: U.S. Bureau of Labor Statistics, data from the Local Area Unemployment Statistics program.

In the Impact of Being Unemployed

The implications of being unemployed have changed substantially over time. One reason for the altered situation facing jobless persons is the increased prevalence of families in which both spouses work. In 1940, three-fifths of married-couple families reported the husband as sole breadwinner.⁷⁶ In 2008, the husband was the lone earner in about one-fifth of married-couple families. Both spouses were employed in another 51.4% of married-couple families.⁷⁷ Consequently, the financial impact of joblessness is likely to be less today than it was more than half a century ago, when unemployment more often meant the total absence of a paycheck for a larger proportion of families.

Even for those persons who were employed during the Great Depression, the dismal economy created a greater hardship than is the case today because of the much deeper drop in earnings and hours worked. Average hourly earnings of factory workers in manufacturing industries fell by 21.4% between 1929 and 1933 and by 8.9% between 1929 and 1931. In addition, average weekly hours for these workers decreased by 13.8% between 1929 and 1933 and by 8.4% between 1929 and 1931.⁷⁸ As of May 2009, in contrast, average hourly earnings of nonmanagerial workers in manufacturing industries decreased by 3.9% and their hours by 5.6%.⁷⁹

Another important difference between the Great Depression and the current recession, in terms of the economic hardship inflicted by high unemployment, is the nationwide availability of public assistance programs in place today. Before the 1930s, public assistance was provided by private charities and local governments.⁸⁰ State governments did not become involved in the provision of public relief until the latter part of 1931, as it became increasingly apparent that the traditional sources of assistance could not meet the rising needs of unemployed workers and their families. Seven states (New York, New Jersey, Wisconsin, Pennsylvania, Rhode Island, Illinois, and Ohio) appropriated and distributed unemployment relief between September 1931 and July 1932. Following passage of the Emergency Relief and Construction Act of 1932 by Congress, 33 more states became involved in providing public assistance. The act was the only major federal

⁷⁶ U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Families, Employment Status*, Washington, D.C., 1943.

⁷⁷ BLS, *Employment Characteristics of Families in 2008*, Washington, D.C., May 27, 2009.

⁷⁸ BLS, *Employment, Hours, and Earnings, 1909-1990*, Bulletin 2370, vol. I, Washington, D.C., March 1991.

⁷⁹ BLS, data from the Current Employment Statistics program, <http://www.bls.gov/ces/>.

⁸⁰ Josephine C. Brown, *Public Relief 1929-1939* (New York: Henry Holt and Company, 1940).

measure passed during the Hoover Administration explicitly to aid the jobless. It came almost four years after the Depression began.

The Emergency Relief and Construction Act was signed reluctantly by President Hoover, who believed that the traditional sources of relief were the most appropriate agencies to handle the needs of the unemployed. The act was envisioned as a temporary measure, not to imply long-term commitment of federal resources in this area. The federal money was offered to the states in the form of loans that were to be repaid with interest or through deductions from future federal aid to states for highways. (This repayment feature was cancelled by Congress in 1938 during the Roosevelt Administration.)

Not until enactment of the Federal Emergency Relief Act of 1933 (FERA) during the Roosevelt Administration did the federal government truly commit its own resources for provision of assistance to the unemployed. FERA, through matching grants and discretionary funds under Title I, aided employable persons and their dependents with cash and in-kind benefits between 1933 and 1935. Even under this program, however, direct public relief was considered a temporary measure (“the dole”), while work relief (job creation) programs were emphasized.

With passage of the Social Security Act in 1935—two years after the end of the Depression period’s first downturn—the federal government established a permanent presence in the area of benefit transfer programs (e.g., old-age and survivors insurance, unemployment insurance). Thus, persons unemployed during the current recession did not have to wait until controversy ended over whether aid should be administered by private or public agencies, until state governments and the federal government awoke to the magnitude of the jobless problem and intervened, or until an administrative system was established at the state and federal levels before they received benefits.

In addition to already having safety net programs in place to cushion the impact of unemployment, today’s jobless also benefit more from the social legislation than did the Depression’s unemployed. A nationwide federal-state unemployment compensation program was part of the original Social Security Act, but when it was enacted, many groups were excluded from coverage. Among the excluded were workers in government and educational organizations as well as those laid off from small firms. As a result, the unemployment compensation program covered less than half of all employees in 1940.⁸¹ Over the years, the system has been expanded so that today almost all wage and salary workers are covered.⁸²

Workers eligible for unemployment compensation (UC) during the current recession also collect benefits for a longer period of time than persons unemployed during the Depression. In December 1937, for example, 12 states provided benefits for a maximum of 12-14 weeks; 33 states, 15-17 weeks; and 4 states, 18-20 weeks.⁸³ Most states now provide regular UC benefits for a maximum of 26 weeks. There is a permanently authorized extended benefit program in effect today as well that provides an additional 13 or 26 weeks of UC benefits in high-unemployment states. In addition, the 110th Congress authorized as part of P.L. 110-252 a temporary unemployment

⁸¹ Tax Foundation Inc., *Unemployment Insurance: Trends and Issues*, Washington, D.C., 1982.

⁸² According to the U.S. Department of Labor, 62% of unemployed workers in May 2009 received UC benefits from all programs operating at the time. For information on benefit receipt see the Unemployment Compensation chapter of the Committee on Ways and Means’ 2008 *Green Book* at <http://waysandmeans.house.gov/media/pdf/111/uc.pdf>.

⁸³ Paul A. Brinker, *Economic Insecurity and Social Security* (New York: Appleton-Century-Crofts, 1968).

benefit program for workers in all states who exhausted their regular benefits. The 111th Congress extended the temporary program and expanded upon it in the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).⁸⁴

Yet another liberalization of the law since the 1930s that helps today's unemployed workers involves the waiting period before benefits can be collected. In the early years of the system, states had waiting periods ranging from two to four weeks.⁸⁵ Currently, 25 states have no waiting period and the remaining states have a one-week requirement.⁸⁶

Moreover, in the Emergency Unemployment Compensation Amendments of 1992 (P.L. 102-318), a work-sharing program was authorized permanently. It allows employers who temporarily cutback the hours of their employees rather than laying them off to develop short-time compensation plans. If the plans are approved by the state in which the firms are located, employees involuntarily working reduced schedules can receive partial UC benefits.⁸⁷ No program to compensate workers for the wage losses associated with pervasive involuntary part-time employment existed during the Great Depression.

Finally, the UC system was of no value to jobless workers during the Depression period's first economic downturn as the Social Security Act was not passed until 1935. In addition, no benefits were paid out for the first two years in order for reserve funds to accumulate.⁸⁸ It also was of no value to those who were jobless for so long during the 1930s that they did not meet the earnings or work time criteria for eligibility.

Other federal programs available to assist those persons unemployed today also were in their infancy during the 1930s. In September 1933, it became national policy to provide aid to farmers and the unemployed by purchasing the farmers' surplus produce and distributing it to the unemployed and their families. However, because of problems with the commodity distribution program, a new idea – food stamps – emerged in the late 1930s. The first food stamps were purchased in Rochester, New York in May 1939. Before the program ended in March 1943, it operated in half the counties of the nation. Thus, although food was available to the unemployed and their dependents in some geographic areas during the Depression, both the commodity distribution and food stamp programs did not start until after the economic downturns of the 1930s had ended.⁸⁹

⁸⁴ CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Alison M. Shelton and Julie M. Whittaker.

⁸⁵ Tax Foundation, *Unemployment Insurance: Trends and Issues*, Washington, D.C., 1982.

⁸⁶ CRS Report RL33362, *Unemployment Insurance: Available Unemployment Benefits and Legislative Activity*, by Alison M. Shelton and Julie M. Whittaker.

⁸⁷ Short-time compensation programs exist in a minority of states today.

⁸⁸ Broadus Mitchell, "Depression Decade: From New Era to New Deal," in *Economic History of the United States* (New York: Holt, Rinehart, and Winston, 1962).

⁸⁹ U.S. Congress, House Committee on Agriculture, *Food Stamp Act of 1977*, 95th Cong., 1st sess., H.Rept. 95-464 (Washington: GPO, 1977).

Appendix. The Evolution of Labor Force Data

During the past several decades, the definition and measurement of employment and unemployment have undergone many changes. The data available during the Great Depression are first described below. Next, the data available today are contrasted with the Depression-era statistics.

The Great Depression

Between the 1930 and 1940 censuses, the Census Bureau went from the gainful worker to labor force concept. Up to and including the 1930 census, individuals aged 10 and above reported themselves as gainful workers if they had *at some time* worked in an occupation in which they earned money or the equivalent, or in which they assisted in the production of marketable goods – *regardless of their activity at the time of the census*. Thus, persons who had never worked but were available for work were not counted as gainful workers. Beginning with the 1940 census, individuals aged 14 and above reported themselves as members of the labor force if they were employed for pay or profit, or at unpaid family work, *during the week of March 24 to 30, 1940*, or were seeking jobs or performing public emergency work during the specified period. The changeover from a gainful worker to labor force concept raised the age criteria, included new workers, and specified a time period in which labor market activity must have occurred. It also created discrepancies between the two census counts in the way other individuals were classified (e.g., seasonal workers, inmates of institutions, retired and disabled persons).⁹⁰ The Census Bureau’s adjustment of the gainful worker concept to the labor force concept produced a net decrease of 1.2 million persons in the figure for gainful workers reported in the 1930 census.

The second change was in the measurement of unemployment. The 1930 census was the first national effort to count the unemployed. *Gainful workers* were asked if they had been at work *the day before* the census-taker called. If they were not at work, the individual was asked

whether they had a job, whether they were able to work, whether they were looking for work, whether they had lost pay because they were not at work, and the reason for their idleness. On the basis of this information, gainful workers not at work “yesterday” were classified into the following seven categories:⁹¹

- were jobless, able to work, and looking for work;
- were on layoff without pay, excluding the sick and voluntarily idle;
- were jobless and unable to work;
- had a job but were idle due to sickness or disability;
- were jobless and not looking for work;
- had a job but were voluntarily idle without pay; or

⁹⁰U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of the Labor Force, Employment, and Unemployment in the United States, 1940 and 1930*, Washington, D.C., 1944.

⁹¹U.S. Bureau of the Census, *Sixteenth Census of the United States: 1940, Population: Estimates of the Labor Force, Employment, and Unemployment in the United States, 1940 and 1930*, Washington, D.C., 1944, p. 2.

- had a job and were being paid although not at work.

According to the definition of the labor force introduced in the 1940 census, however, an individual was classified as either employed if at work *within a given week*, *unemployed if seeking work or performing public emergency work within a given week*, or not in the labor force if neither of the prior two classifications applied. The Census Bureau adjusted the much broader definition of unemployment in the 1930 census to comply with that of the 1940 census by estimating for each of the seven categories the number of individuals who would have been classified as unemployed had the 1940 census definition been utilized. The Bureau also estimated for those not included in the gainful worker definition (e.g., new workers) the number of persons who would have been counted as unemployed. Of the 2,451,000 workers the Census Bureau estimated to be unemployed in 1930 based on the 1940 census definition, 213,000 were new workers and 2,238,000 were classified as experienced workers seeking jobs.

Several surveys of states and cities as well as the 1937 nationwide census of unemployment were conducted during the course of the Depression to gauge the pervasiveness of unemployment and the characteristics of the unemployed. The data sources were based on outdated (un)employment concepts and permit only a snapshot rather than time-series analysis as they were not conducted on a recurring basis. However, the sources were included in the preceding analysis because they provide data unavailable from the decennial censuses and data for intercensal years.

Today Compared to the Great Depression

When comparisons are made in the report between unemployment rates during the course of the Depression and recession, the Depression-era data are retrospective estimates designed to be comparable with the Current Population Survey (CPS) rather than the 1930 and 1940 decennial censuses.⁹² Today, the CPS is the official source of timely labor force data. Its precursor was developed by the Works Progress Administration (WPA) in 1940. The Census Bureau assumed responsibility for the monthly unemployment report from the WPA in 1942.⁹³ In the late 1950s, the Bureau of Labor Statistics assumed responsibility for the content, analysis and release of labor force data derived from CPS which continues to be conducted by the Census Bureau. Based on the CPS, the Bureau of Labor Statistics releases estimates each month on the labor force status of individuals.

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⁹² The methodology utilized and resultant data from 1900 to 1947 appears in U.S. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970* (Washington, D.C., 1975).

⁹³ John E. Bregger, "The Current Population Survey: A Historical Perspective and BLS' Role," *Monthly Labor Review*, June 1984.

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