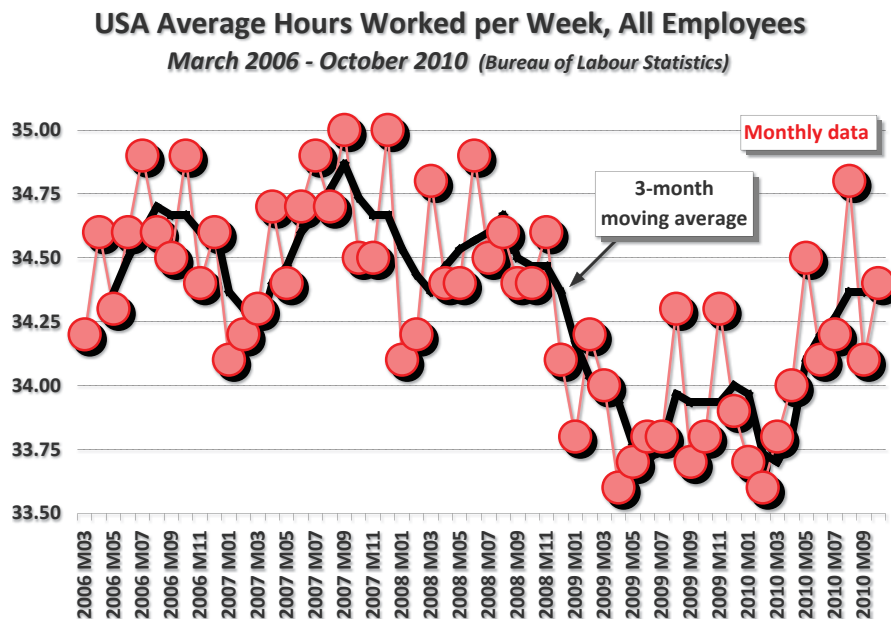


Urban Futures' By The Numbers

- US Employment Recovery -

There is a general concern that economic recovery in the United States is not being accompanied by a corresponding recovery in employment. Certainly, if one looks only at the modest gain in the number of workers that has occurred over the past year—growth of 626,000 jobs between October 2009 to October 2010—this half of a percent increase is not very encouraging, especially compared to the 7.3 million (five percent) jobs that have been lost since October 2007. However, one should not interpret these data as signs of longer-term stagnation in the US job market, as employment gains are generally realized at a later stage of economic recovery. In fact, a leading indicator of employment recovery is an increase in hours worked for those already with jobs, as it is easier and less risky for employers to utilize their existing labour more intensively in order to increase output than it is to hire new workers on a full- or part-time basis.



In this regard, data from the US Bureau of Labor Statistics show that employment recovery may well be underway in the US, with the average number of hours worked per week reaching 34.4 per employee (including both full- and part-time workers) in October of 2010, up two percent from the 33.7 hours worked per week in October 2009. Interestingly, this is equal to the 34.4 hours worked per week in October of 2008, before the rapid and widespread deterioration in economic conditions occurred in the US. While an increase from 33.7 hours to 34.4 hours per week may not seem significant, when spread across the 131.5 million workers in the US this translates to an increase of almost 100 million hours of work over the past year. This is equivalent to adding 2.97 million workers at a constant weekly work level (of 33.7 hours worked per week per employee).

As recovery continues, the ability to increase output by increasing the hours worked by existing employees will diminish. This will in turn result in the addition of new employees, rather than just an increase in the hours worked per employee. Given historical trends, this transition should begin in the second quarter of 2011, with employment recovery becoming more obvious through the rest of 2011 and into 2012.