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Quits vs. layoffs in recessions and pandemics

Posted on May 17, 2021

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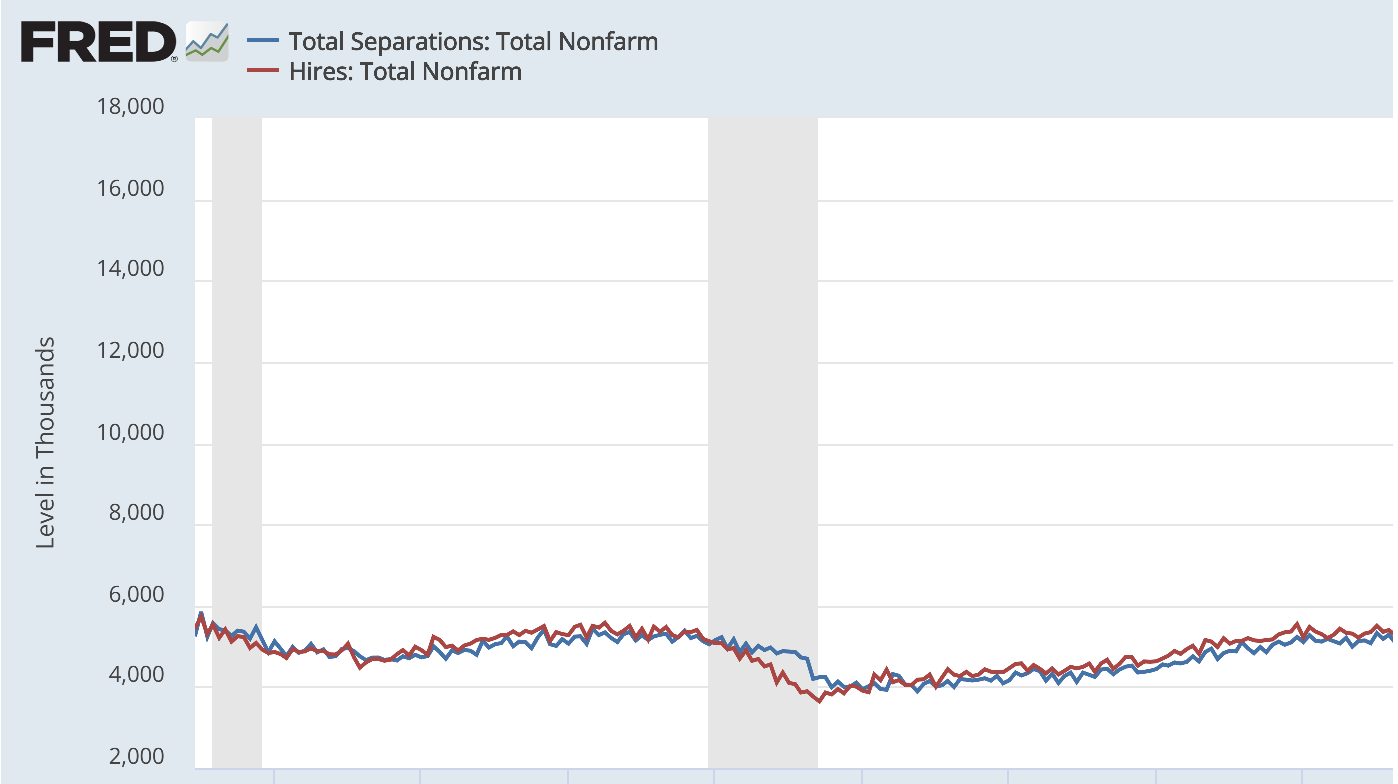

The FRED graph above compares job separations and hires in the U.S. economy.

Usually there are more hires than separations; that is, the number of employed people increases except during recessions. As we see in the graph, the recovery after the 2008-09 recession was remarkable in that hires were greater than separations in almost *every* month. Of course, this graph is dominated by the wild swings during the pandemic. So let's look at the details of these separations.

The FRED graph below shows the proportions of three categories of separations: quits, layoffs, and others (retirements, for example). There are usually more quits that layoffs, except during recessions: With a weaker labor market, employees hesitate to quit while employers are more likely to fire some employees.

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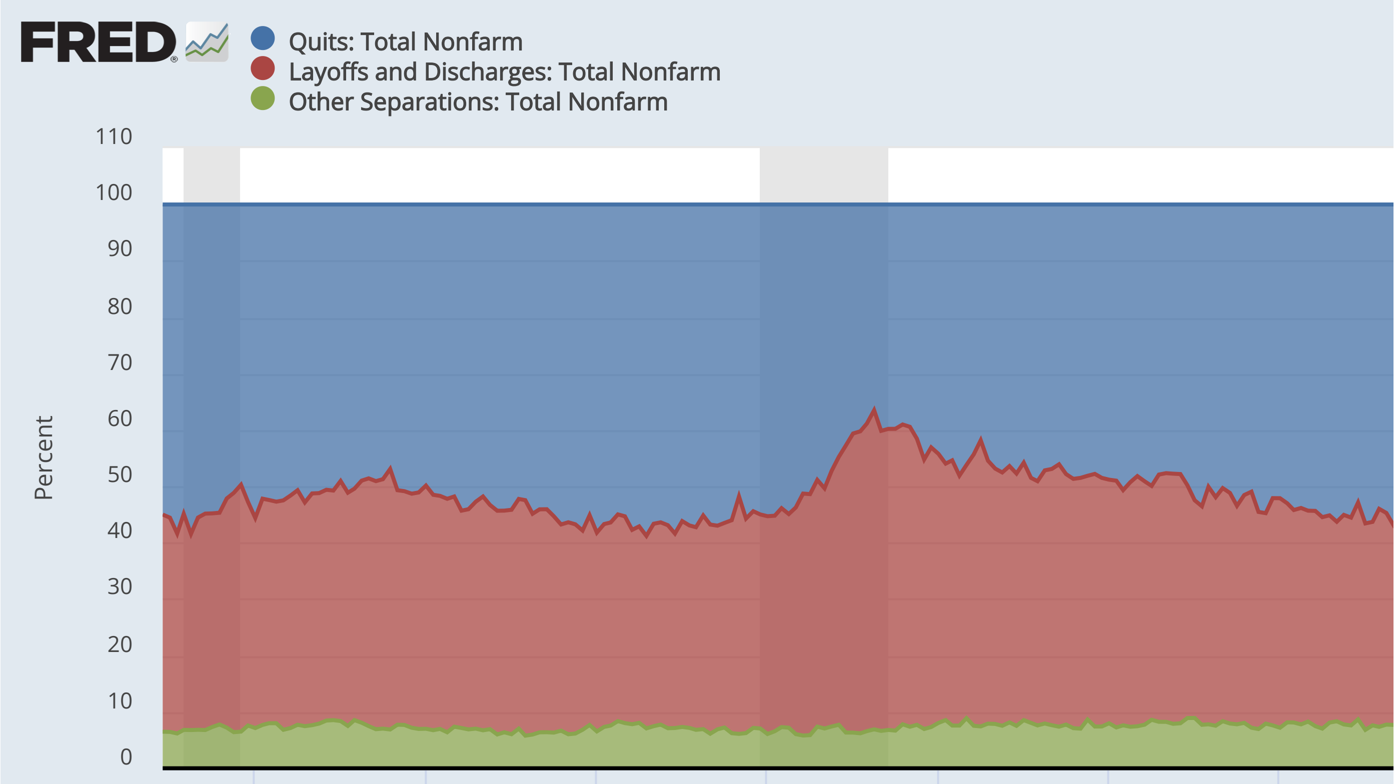
The pandemic has been no different, except that this pattern has been even stronger. It may *appear* that quits dropped off a lot, but the actual numbers of quits throughout the pandemic have actually been only a bit lower than usual. (Just hover your cursor over the graph to see the numbers).



How these graphs were created: For the first graph, search FRED for “separations” and select the seasonally adjusted series. From the “Edit Graph” panel, use the “Add Line” tab to search for and add “hires.” For the second graph, do the same, but searching for “quits,” “layoffs,” and “other separations.” From the “Format” tab, select graph type “Area” and stacking “Percent.”

Suggested by Christian Zimmermann.