Jobs More Slowly Created and More Slowly Destroyed

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Over the past 20 years in Maine, more than 39,000 private sector jobs on average have been created each quarter while another 38,000 have been lost. Nationally each quarter, an average of more than 7 million jobs was created and nearly as many destroyed. These magnitudes of job creation and destruction reflect the dynamism of the labor market, such dynamism, many researchers have found, enhances productivity and net job creation.

During recessions fewer jobs are created and more are destroyed; during expansions the opposite occurs. Although obscured by the cyclical swings in net and gross job destruction and creation rates, there has been a long-term decline in labor-market dynamism in the United States; jobs are being more slowly created and destroyed. Job gains fell from 8.2 percent of total jobs in the second quarter of 1993 to 6.2 percent in the third quarter of 2014; job losses fell from 7.5 percent of total jobs to 5.8 percent.

![Rates of job gain and loss have declined in the U.S.](chart.png)

The same trend occurred in Maine. Job gains fell from 10 percent of total jobs in the second quarter of 1993 to 6.7 percent in the third quarter of 2014; job losses fell from 8.5 percent of total jobs to 7.1 percent.
One explanation for the declining rates of job loss and job gain is the decrease in the number of young establishments. In Maine, almost 34 percent of all establishments in 1998 had been in operation fewer than five years, accounting for 17 percent of all jobs. By 2014, about 24 percent of establishments had been in operation fewer than five years, accounting for 9 percent of all jobs. In Maine, as in the United States, young establishments have higher rates of job creation and destruction.

Note: Major exclusions from private jobs are self-employed workers, religious organizations, most agricultural workers on small farms, all members of the Armed Forces, elected officials, most employees of railroads, some domestic workers, most student workers at schools, and employees of certain nonprofit organizations.