

PERSONALLY SPEAKING

Number 83

June 4, 2011

ADULT WHITE MEN FINDING JOBS, OTHERS ARE NOT

Edward J. O'Boyle, Ph.D.

Mayo Research Institute

Permission to quote is granted when the source is acknowledged.

By reporting that unemployment “jumped” from April to May, Neil Irwin of the *Washington Post* let his rhetoric get the better of him and his managing editor. The estimated 0.1 increase from 9.0 percent in April to 9.1 percent in May is not statistically significant. What the *Post* should have said is that there was no improvement in the overall jobless rate.

Irwin was not alone. *Bloomberg, Philadelphia Inquirer, Wall Street Journal, Chicago Sun Times, Los Angeles Times, Miami Herald, and New York Times* used similar though less colorful language.

The heart of the problem lies not in the month-to-month data released to the public by the BLS but in the year-to-year data where the unemployment numbers point in one direction and the employment figures in another.

According to the household survey, the jobless rates for six major demographic groups, including adult men and women, and four other educational attainment groups were lower in May 2011 than in May 2010. However, the rate for black men 20 years of age and older was higher in May 2011 (17.5 percent) than 12 months earlier (17.1 percent). There was a similar ratcheting up for black women of the same ages: from 12.4 percent to 13.4 percent.

Employment with the federal government, excluding the U.S. Postal Service, is *down* by 533,000 since May 2010, no doubt attributable to discharging those who were hired temporarily to work on the 2010 Census.

The number of employed black men ages 20 and over actually declined by 127,000 over the 12 month period ending in May 2011. For black adult women the decline measured 129,000. Perhaps the loss of temporary Census work accounts for some of this retrenchment.

The real beneficiaries of the growth in employment year over year have been adult white men who accounted for almost all of the net increase of 426,000. Oddly, this gain tracks the singular employment loss of 686,000 among adult men between November 2007 and April 2008 that Mayo Research Institute reported three years ago.

Today there are 6,821,000 persons not in the labor force who currently want a job, or 440,000

more than in May 2010. This finding held for both men and women. These persons are not counted in any of the BLS measures of labor force underutilization. Over the last 12 months, the civilian labor force contracted by 544,000 -- a strong indicator that the hoped-for economic recovery is sputtering. The Business Cycle Dating Committee of the National Bureau of Economic Research proclaimed that the Great Recession ended in June 2009.

Overwhelmingly, the net increase in the number of payroll jobs (+870,000) year over year, according to the BLS establishment survey, has taken place in four private sectors of the economy: health care (+292,000), administrative and waste services, a subsector of professional and business services, (+290,000), temporary help services (+187,000), and food services and drinking places (+187,000). Every other sector, if it added any payroll jobs over the year, increased by fewer than 100,000 jobs. In food services and drinking places the jobs are low-wage jobs, and work in the temporary help services sector is not secure – two other indicators that the recovery is quite weak.

Here's the dilemma for Washington Democrats and the Obama administration. One huge bloc of voter support – adult black men and women and adult white women – has not shared in the very modest year-to-year improvement in employment. For whatever reason, adult white men have been the clear beneficiaries. These findings indicate that Obama and his fellow Democrats may dig in their heels even further on spending cuts. If as expected Capitol Hill Republicans continue to insist on those cuts, how do they reach accommodation with their rivals on the debt ceiling? And how do they get down to the business of helping shift the economy into a higher gear?

Looking back over the last year, the news from the BLS is not encouraging. Looking forward over the next several months, the news from Washington suggests that economic affairs have been put on a backburner while incumbent politicians busy themselves with fund raising and campaigning for another term in office.

By not dealing with the country's fiscal crisis and thereby adding to the uncertainty that drains energy from the private-sector, Washington politicians are making matters worse. Are there any grownups left inside the Capitol Beltway who put country before personal ambition? Who are able to put the sniping aside, and get down to work? Who are willing to lock themselves in a room for as long as it takes to reach agreement, even if it means missing a fund-raiser, talk-show appearance, or round of golf? If agreement is reached, would President Obama sign the bill or veto it? It's time to man-up in Washington.

*Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute.
Offices in New Orleans, Lake Charles, and West Monroe
www.mayoresearch.org 318-381-4002 edoboyle@earthlink.net*
