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JANUARY' S JOBS REPORT: POSITIVE SIGNS OF RECOVERY OR NEGATIVE?

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Think of January's job report as if it were a physician's daily notes on a patient in intensive care. Progress does not come steadily, step by step, one day after another. Rather, it comes in fits and starts, days when there is little improvement at all and others when the signs of recovery are more hopeful. Under the circumstances, one attending physician might chose to underscore the positive signs of recovery to give the patient's family hope that all will be well. Another might emphasize the negative signs to prepare them beforehand if the patient's recovery falls short of their expectations.

And so it is with the U.S.economy. Which signs are we to emphasize, the positive or negative?

If one is looking for POSITIVE signs, look no further than:

The jobless rate dropped from 9.4 percent in December to 9.0 percent in January. Further, it has fallen by a total of 0.8 percentage point since November. The last time a two-month drop matched or exceeded 0.8 percentage point was October-November 1958.

Leaving aside teenagers and 20-24 year old women, the January unemployment rate for all adult men and women fell or remained unchanged.

The rate of unemployment was lower for whites, African Americans, Asians, Hispanics along with

... persons 25 years and older with less than a high school education, high school graduates, those with some college, and those with a bachelor's degree or higher.

... married men though it remained unchanged for married women.

... full-time workers for whom employment climbed 612,000 from December to January.

Since January 2010 unemployment was lower for men 18 years of age and older who are nonveterans and women in those ages who are veterans.

In the last year the rate of unemployment has fallen for foreign-born and native-born workers alike. But, if one is looking for NEGATIVE signs, consider the following:

For the 66,847,000 native-born men in the labor force the January jobless rate stood at 10.8 percent.

The jobless rate is up to 12.7 percent for women who maintain families.

It is up for part-time workers.

Since January 2010 unemployment is higher for men 18 years of age and older who are veterans and women of the same age who are not veterans.

Unemployment has risen over the last 12 months for 16-64 year old women, both the able-bodied and the disabled. An estimated 10.9 percent of all men in that age group who were not disabled were out-of-work in January 2011.

After making a change to improve its estimate of the duration of unemployment, the BLS reported that average duration in January was 36.9 weeks.

Since January 2010 the number of persons not in the labor force who currently want a job rose by 535,000 to 6,643,000. Increases were reported for both men and women.

And there are PUZZLING signs as well. Consider the following:

The number of persons working part time for economic reasons dropped to 8,407,000 in January 2011 from 8,931,000 in December 2010. Does this drop reflect that their hours of work were extended, putting them into the full-time classification? Or did they lose their jobs and become unemployed or exit the labor force?

Why such a disparity between the 36,000 payroll jobs added in January, the 622,000 decline in the jobless total, and the rise of 612,000 in the number employed full time?

Why are there 1,520,000 more persons 16 to 64 years of age not in the labor force in January 2011 than one year earlier? Why did the number of native-born workers not in the labor force increase from 72,360,000 in January 2010 to 74,391,000 in January 2011, and nonveterans from 66,397,000 to 68,539,000?

And, at the same time, why did the number of discouraged workers slide from 1,065,000 to 993,000?

The U.S. labor force is huge and subject to massive changes from month to month. For example, 3,669,000 persons employed in December were not in the labor force in January and another 3,617,000 who were not in the labor force in December were classified as employed in January. In addition, 2,498,000 moved from unemployed to employed in January and another 2,131,000 employed who were out of work in January. Counting everyone who changed labor force status between December and January brings the overall total to 17,889,000.

It is often misleading to take note of just a change in the overall jobless rate and make a judgment as to whether economic conditions are improving or deteriorating. The state of affairs in the U.S. labor market is too complex and subject to change to be captured accurately in a single statistic any more than a single vital sign is indicative of the overall health of a patient.

Consider, for example, these extremes. For African American teens joblessness in January stood at 45.5 percent; for persons with a bachelor's degree or higher, the rate was 4.2 percent.

The January report indicates that labor market conditions are improving for some U.S. workers but not for others. And even among those for whom conditions are improving, the jobless rate still is in the double-digit range: teenagers, African Americans, Hispanics, persons with less than a high school education, 16-64 year old men whether disabled or not, women who maintain families, men 18 years of age and older whether they are veterans or not, construction workers, among others.

There is enough information in the January report to satisfy spinmeisters across the political-ideological spectrum. Mayo Research Institute's spin is that until there are no major segments of the U.S. population experiencing double-digit unemployment, we cannot be pleased with a jobless rate of 9.0 percent.

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