

PERSONALLY SPEAKING

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WARNING: DIP IN JOBLESS RATE FOR JULY IS MISLEADING

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The drop in the rate of unemployment from 9.5 percent in June to 9.4 percent in July is welcome as is the rollback of the number of jobless workers from 14,729,000 to 14,462,000. Whatever their motives, spin-doctors will make the most of that at the risk of misleading the public who do not pay close attention to other labor force data which still point to an economy in deep trouble.

The labor force data presented below were derived directly from the Bureau of Labor Statistics. All but the last two bulleted items refer to seasonally adjusted estimates.

- Nonfarm payrolls declined by 247,000 in July, the 19th straight month of job losses. The July losses for sure are smaller than at any time since last August but a decline by any other name is still a decline.
- The July unemployment rate for all men 16 years of age and older was 10.5 percent, down slightly from June, but significantly higher than the January rate of 8.3 percent. The jobless rate for all 20-24 year olds, including men and women, was 15.3 percent in July, up slightly from June, and significantly higher than the January rate of 12.1 percent.
- In July there were 6,446,000 jobless men 25 years and older compared to 4,892,000 in January. The trend for women in those ages is in the same direction: 4,297,000 in July, 3,598,000 in January.
- The jobless rate for full-time workers in July was 10.1 percent. It was 8.0 percent in January.
- In June there were 4,381,000 persons unemployed for 27 weeks or more. In July that number climbed to 4,965,000. Average duration of unemployment stood at 25.1 weeks. In January it was 19.8 weeks.
- Among the unemployed in July there were 7,880,000 not on temporary layoff. In January there were 5,539,000 similarly classified.
- Between June and July 2,834,000 of the unemployed dropped out of the labor force. Between May and June this number stood at 2,566,000.
- In July there were 6,244,000 persons not in the labor force who want a job now. Included in that total were 796,000 persons who were not looking for work because they were discouraged over job prospects.

- There were 9,103,000 persons working part-time for economic reasons in July, including 6,711,000 whose part-time status related to slack work of business conditions and another 1,978,000 who could find part-time work only.

To sum up, the economy has been shedding jobs for 19 consecutive months. Unemployment is above 10 percent for men 16 years of age and older, full-time workers, men and women 20-24 years of age. The typical jobless person has been out of work for more than six months. An estimated 2.8 million of the unemployed in June were not counted in as unemployed in July not because they found work but because they dropped out of the labor force. More than 6 million persons classified as not in the labor force in July want a job now. Nearly 2 million were working part time because they could find part time work only. Not counted as unemployed were nearly 800,000 discouraged workers.

The U.S. economy may be improving in the sense that it is reaching the bottom of the trough of the current business cycle and is poised for an upturn. But recessions are measured largely in terms of the production of goods and services and all recessions end and are followed by an expansion phase. Measuring the performance of the economy in terms of Americans who work for a living, the recession clearly is not over. Not yet.

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