

# ***PERSONALLY SPEAKING***

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## **UNEMPLOYMENT AMONG PRIVATE-SECTOR WORKERS ABOVE 10 PERCENT EVERY MONTH SINCE MAY 2009**

**Edward J. O'Boyle, Ph.D.**

**Mayo Research Institute**

*Permission to quote is granted when the source is acknowledged.*

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Drawing on data collected through its Current Population Survey, the Bureau of Labor Statistics every month publishes the rate of unemployment by age, gender, race, class of worker, disability status, industry, veteran status, educational attainment, occupation, and marital status. In addition, it publishes the rate for native-born workers along with the rate for foreign-born workers. Much of this information is available in seasonally-adjusted and not seasonally-adjusted form.

We know, for example, that joblessness in July for construction workers was three times higher than for government workers (17.3 percent vs. 5.5 percent) and for teens compared to workers 25 years of age and older (26.1 percent vs. 8.1 percent). It was nearly twice as high for blacks as for Asians (15.6 percent vs. 8.2 percent).

The BLS also publishes five alternative measures of labor utilization in addition to the official rate which in July was 9.5 percent and is referred to as U-3. The five alternative measures, all of which are constructed more or less on standard definitions for the employed and unemployed but take out segments of the unemployed such as those who are jobless for fewer than 15 weeks (U-1) or add in other segments such as discouraged workers (U-4). In July these five alternative measures produced under-utilization rates ranging from 5.7 percent to 16.5 percent.

What we don't know is how well workers in the private sector are doing compared to workers in the public sector. This comparison clearly is pertinent to macroeconomic policy because the private sector centers on economic decision makers who are driven by the prospect of economic gain whereas the public sector is the domain of political decision makers who presumably are serving the public interest. This information is available at the BLS website but requires some digging to access it.

Mayo Research Institute has compiled the missing information on joblessness in the private sector which includes wage and salary workers, the self-employed, and unpaid family workers and has arranged it for easy comparison to the jobless figures readily available for public-sector workers. It was necessary to use data that are not seasonally adjusted.

Annual Average Unemployment Rate

	2007	2008	2009
Public-sector workers	2.3	2.4	3.6
Private-sector workers	5.0	6.3	10.2

The annual data demonstrate dramatically the differential impact of the recession in 2009 where private-sector workers were nearly three times more likely to be jobless than public-sector workers.

Monthly Unemployment Rate

	2009						2010			
	jan	mar	may	jul	sep	nov	jan	mar	may	jul
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Public-sector workers	3.0	2.8	3.1	5.1	4.2	3.4	4.3	3.9	3.4	5.5
Private-sector workers	9.4	10.1	10.1	10.5	10.3	10.4	11.6	11.3	10.3	10.4
All workers	8.5	9.0	9.1	9.7	9.5	9.4	10.6	10.2	9.3	9.7

The monthly data show plainly that there has been no improvement in unemployment among private-sector workers since early 2009. In fact, the rate in July 2010 is higher than the rate in January 2009 (10.4 percent vs. 9.4 percent). Notwithstanding claims that its passage and implementation would keep the jobless rate below 8 percent, the \$800 billion *American Recovery and Reinvestment Act* has not succeeded in bringing joblessness in the private-sector below 10 percent.

Further, these data reveal that including public-sector workers reduces the overall rate of unemployment by approximately one percentage point. A one percentage point difference may seem unimportant. However, in a civilian labor force which in July reached almost 154,000,000, a one point difference amounts to 1,540,000 workers.

Mayo Research Institute urges the BLS to make information on the unemployment rate of all private-sector workers who represent 86 percent of the U.S. labor force as readily available on a monthly basis as the rate for public-sector workers who represent only 14 percent of the labor force. Very little additional programming would be necessary to extract that information from the CPS database.

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

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