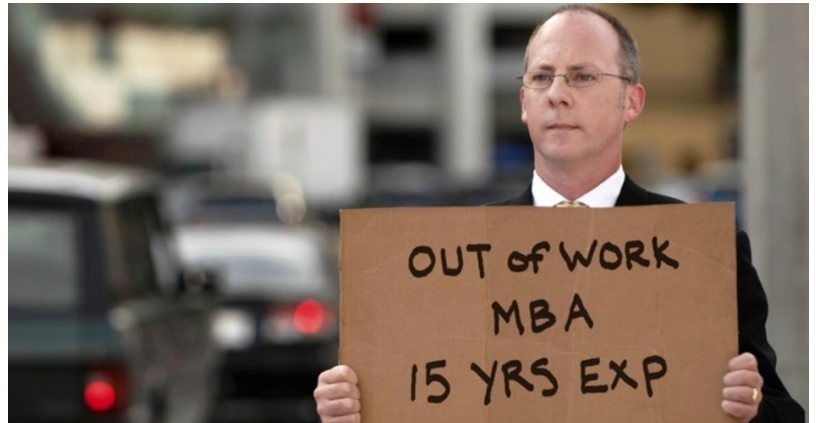




The Real Unemployment Rate

Mark Twain once noted three varieties of lies in public life: “Lies, damn lies, and statistics.” In the area of macroeconomics and government, Twain could not have been more right. The statistics kept by the U.S. Bureau of Labor Statistics include “unemployment,” and this number counts those Americans who are actively seeking employment. As many commentators have noted, when times are really tough, those Americans who have simply stopped looking for a job drop off the statistics, making it artificially appear that the unemployment rate has dropped.



The nominal unemployment rate is still high, but the real jaw-dropping fact is the number of working-age Americans who are not working. Today that is 100,000,000 Americans out of a total population of about 310,000,000. Demographically, about 80,000,000 Americans are minors and about 40,000,000 are age 65 or older. That leaves approximately 190,000,000 Americans who are adults of working age. About half of those do not have a full-time job.

The situation, according to the very statistics of the Bureau of Labor Statistics, show an increasingly dismal picture, when the number of people who could be working but are not is counted. In April 2011, the number listed in those statistics as “unemployed” was 13.8 million. That number actually dropped in February 2012 to 12.8 million, then to 12.7 million in March and 12.5 million in April. The unemployment rate over those four months also declined: 9.0 percent in April 2011, 8.3 percent in February 2012, 8.2 percent in March 2012, and 8.1 percent in April 2012.

When those “Not in the labor force” are added to those “Unemployed,” then those who are not working is growing: 99.5 million in April 2011, 100.3 million in February 2012, 100.5 million in March 2012, and 100.9 million in April 2012. When counting both those “Not in the labor force” (though in the age in which most Americans work) and “Unemployed” as a single group, then those who are not working, but are in the age group in which Americans normally work, has remained steady and high: 41.6 percent in April 2011, 41.5 percent in February 2012, 41.5 percent in March 2012, and 41.6 percent in April 2012.

Polls show that Americans are feeling the pinch of hard economic times and of adult children forced to live in their parent’s basements to keep body and soul together. The value of homes continues to remain very low, and homes have historically been the primary investment of most American families. Student loans these days are often not repaid for decades after students graduate from college. All of this strongly suggests that large numbers of Americans want and need more income and that they are looking for jobs. And yet the 42 percent of Americans who are of working age are not working. Despite trillions of dollars spent on “shovel-ready” jobs, the jobs are conspicuous by their absence.



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