



CPEG Commentary on May 2011 BLS Jobs Report: A Clear and Present Danger

The top line number is 244,000 jobs created in April 2011; subtracting out the approximately 115,000 jobs necessary to absorb new labor force entrants, this means a net growth of 129,000 jobs. This is against an official total of 13.7 million unemployed. The unemployment rate increased to 9.0%. These numbers are consistent with the picture of the past few months, an economy sputtering along in low gear. When we look at the numbers below the top line, the picture is even more somber.

- (1) The labor force participation rate remains at 64.2%, a 30 year low;
- (2) The number of people not in the labor force grew by 125,000, indicating continued discouragement on the part of many workers who have given up looking for jobs;
- (3) The number of officially unemployed actually increased by over 200,000;
- (4) We have over 6 million fewer people employed than at the beginning of the Great Recession in December 2007;
- (5) At the rate of net job growth in April 2011, it would take 106 months, almost 9 years – until 2020 – to provide jobs for the 13.7 million officially unemployed;
- (6) We now have over 6 million workers unemployed for 6 months or more – and over 4 million unemployed for at least a year;
- (7) Finally, the experience of young workers entering the labor force is the worst since the 1930s. The reported teenage (16 – 19) unemployment in April was 24.9%, an increase over the March rate of 24.5%. Of course this unemployment burden is unequally distributed: for African-American teenagers the unemployment rate in April was 41.6%.

The Class of 2011

The experience of young workers entering the labor force is particularly ominous. In 2010, the unemployment rate for workers aged 16 – 24 (not in school) was 18.4%, the highest on record (the data goes back 60 years). The failure of the economy to provide jobs for these young workers has significant consequences for both these workers themselves and the economy as a whole. For individual workers, their first job has a long-term impact on their level of earnings throughout their careers. In part this is the result of being forced to take jobs that are below their skill levels because of financial need. Some of the potential output of these workers is lost as well as some of the investment that went into the training and education of these workers. Thus the economy as a whole suffers from this loss of potential output. Although college educated young workers are less likely to be unemployed than those with only a high school education, the class of 2011 will likely face the worst job market since the Great

Depression of the 1930s. Finally, although it is harder to quantify the psychological harm done by these early experiences of un- and under-employment, the impact is lasting.

Unemployment, especially unemployment among young workers erodes confidence in the future and requires unnecessary sacrifice in the present. It is past time for our elected leaders in Washington to recognize the clear and present danger represented by these unacceptable levels of joblessness. We need a jobs program, a serious jobs program such as that proposed by John Conyers HR 870, the 21st Century Full Employment and Training Act.