



CPEG Commentary on Jan 2011 BLS Jobs Report

In the late 19th Century a young woman of wealth became concerned – passionately concerned – about the living conditions of the working people of Chicago. She did not, however, express that concern by giving money to others to work with the growing number of immigrants in the city. Instead, she chose to work and live with them, founding the first settlement house in the U.S. That young woman was Jane Addams and the institution she founded was Hull House. During her years at Hull House, Addams learned much about the lives and struggles of Chicago working people. In her reflections on her first 20 years at Hull House, she wrote that "...of all the aspects of social misery nothing is as heartbreaking as unemployment."

If Addams were with us today, she would say that the report on the Dec jobs situation is indeed heartbreaking. Let's look at the numbers.

- (1) Once again job growth in Dec 2010 was less than that necessary to meet the normal labor force growth: 103,000 jobs were created vs the minimum of 110,000 that is necessary to absorb new job seekers entering the labor force. In fact, for the entire year of 2010, average monthly job growth was only 94,000 - thus we have steadily lost ground.
- (2) And this is, of course, eighteen months after the "official" end of the Great Recession in June 2009. Today there are fewer people employed - and a smaller labor force - than before the Great Recession began (Dec 2007). In contrast, normal labor force growth would mean an additional 4 million employed during the Dec 2007 – Dec 2010 time period.
- (3) Of course the official unemployment rate dropped to 9.4%. However, half of that decline is the result of people dropping out of the labor force, giving up the search for work because there are more than 4 unemployed for every job opening.

- (4) As a result, we are now at a new Great Recession low in labor force participation rate at 64.3%, down from 64.5% in November and from 64.8% in December of 2009.
- (5) Even more significant, we remain at record levels for long-term unemployment, with people unemployed for more than 26 weeks accounting for 44.3% of total unemployed. In fact, the average length of unemployment is 34.2 weeks, up more than 5 weeks from a year ago. Increasingly, unemployment is a long-term state for millions of our people.
- (6) As a further indication of the failure of the “American job machine” there are 8.9 million people working part time involuntarily - they want a full time job but cannot find one.
- (7) Lastly, discouraged workers numbered an additional 6.2 million people.

The Dec report, as well as those throughout the past year, demonstrate just how wrong newly elected NH Senator Kelly Ayotte was when, in the Republican talking point speech this week, she said: “Job one is to stop wasteful Washington spending” – of course she just got a job, one paying \$174,000 – plus health care.

What we, and especially Washington D.C. policy makers, need is to recognize that waiting for the private sector job market to pull us out of this economic disaster is to impose more and more heartbreak on our people. We need, instead, for the government – this Congress and this administration - to get back in touch with reality and to create a jobs program on a scale sufficient to put at least 20 million people back to work. And we need it immediately.

Chicago Political Economy Group
www.cpegonline.org