De-facto Unemployment Rate

Month	12/07	12/08	4/09	8/09	12/09	4/10	8/10	12/10	4/11	8/11
Unemployed*	7.6 (4.9%)	11.1 7.2%	13.7 (8.9%)	14.9 (9.7%)	15.4 (10.0%)	15.3 (9.9%)	14.9 (9.6%)	14.5 (9.4%)	13.7 (9.0%)	13.9 (9.1%)
Marginally Attached	1.35 (.8%)	1.3 (1.2%)	2.1 (1.3%)	2.3 (1.5%)	2.3 (1.5%)	2.4 (1.5%)	2.4 (1.5%)	2.6 (1.7%)	2.5 (1.6%)	2.8 (1.8%)
Discouraged	.279 (.02%)	.642 (.04%)	.740 (.05%)	.758 (.04%)	.861 (.05%)	1.17 (.07%)	1.1 (.07%)	1.3 (.08%)	.99 (.06%)	1.1 (.07%)
Underemployed	4.75 (3.1%)	8.8 (5.2%)	8.9 (5.75%)	9.1 (5.8%)	9.2 (6.0%)	9.15 (6.0%)	8.9 (5.8%)	8.9 (5.8%)	8.6 (5.6%)	8.4 (5.4%)
Excess disability	Est. (6.0%)	Est. (6.0%)	Est. (6%)	Est. (6%)	Est. (6%)	Est. (6%)	Est. (6%)	Est. (6%)	Est. (6%)	Est. (6%)
Government Programs	Est. (4.0%)	Est. (4.0%)	Est. (4%)	Est. (4%)	Est. (4%)	Est. (4%)	Est. (4%)	Est. (4%)	Est. (4%)	Est. (4%)
Subtotal	18.52%	23.64%	26%	27.84%	28.35%	27.74%	26.9%	26.98%	26.26%	26.37%
Prison Population	2.3 (1.49%)	2.3 (1.48%)	2.3 (1.48%)	2.3 (1.48%)	2.3 (1.5%)	2.3 (1.48 %)	2.3 (1.49%)	2.3 (1.5)	2.3 (1.5%)	2.3 (1.5%)
Military Population (active)				2.0 (1.3%)	2.0 (1.35)	2.0 (1.3%)	2.0 (1.3%)	2.0 (1.3%)	2.0 (1.3%)	2.0 (1.3%)
De-facto Unemployment Rate	20.01%	25.12%	27.48%	30.6%	31.2%	30.52%	30.5%	29.78%	28.76%	29.17%
Civilian Employment to Population Ratio**	62.7	61	59.8	58	58.2	58.7	58.5	58.3	58.4	58.1
*millions										

Last Decade:

According to the Bureau of Labor Statistics, the total number of nonfarm private-sector jobs has declined dramatically over the last decade with net loss of almost two million. During the same decade, the US population grew by over 27,000,000. That is, the economy has not generated enough jobs for a decade of work-force growth.

At the same time, it is important to recognize that these figures may overestimate the actual number of jobs created during the decade. The Depart of Labor uses a birth-death model for estimating employment. This model regularly overestimates the number of new business startups during a recession and underestimates the number of business failures. (See http://www.shadowstats.com/)

Definitions:

Officially Unemployed- Persons who worked less than one hour during the nationally determined reference period (one week), looked for during this period, and were available for work during this period.

Latent Job Candidates

Marginally attached workers – Persons not in the labor force who want and are available for work and who have looked for a job sometime in prior 12 months (or since the end of their last job if they held one within the past 12 months), but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey.

Discouraged workers – Persons not in labor force who want, are available for a job and who have looked for work sometime in the past 12 months (or since the end of their last job if they held one within the past 12 months)

Underemployed –Persons who would like to work full-time but are not able to do so for economic reasons such as unavailability of full-time work or reduced demand for hours by current employer.

Excess disability – Persons who are excluded from labor force because of sick leave or early retirement. This number is growing as people are increasingly taking early social security.

Government Programs – Persons receiving government subsidized or government provided programs. For example, low wage workers receiving Earned Income Tax Credits.
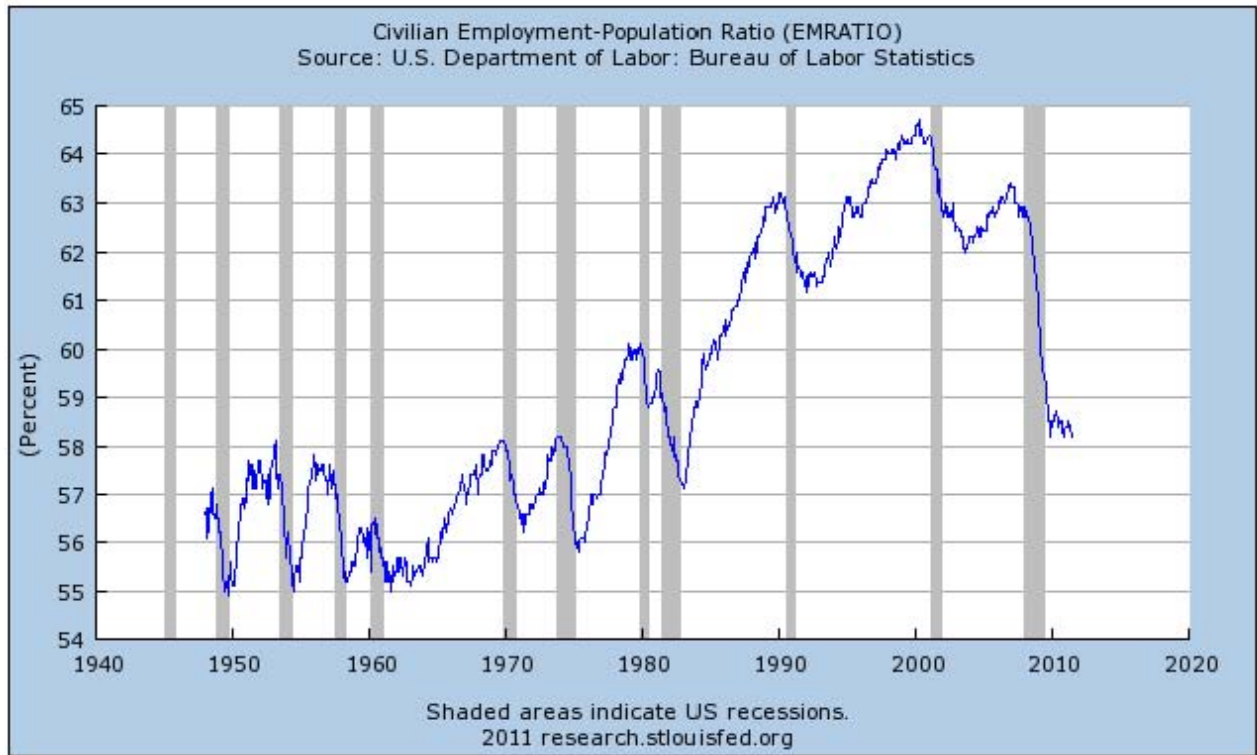
Prison and Jail Populations – Persons not in labor force because of incarceration. In a recent issue of Daedalus, the journal of the American Academy of Arts and Sciences, reported that 400,000 people were incarcerated in 1975 and that this year the number would grow to 2,500,000. Put differently, a 625% increase in 35 years.

Other Issues

These estimates may be low given what has happened in the economy and the lack of current data other than that of the Bureau of Labor Statistics. For example, individuals going to colleges and universities full time have increased dramatically during the current recession/regional depression but are not counted as part of labor market. Also, military and prison/jail estimates are total numbers as there are vast differences in opinion over what constitutes a standing army or expected number of inmates. For our purposes, the use of the total number of service men and inmates represents individuals not in the labor market. It is important to note that the military has been increasingly privatized so that the number presented may be an underestimation. Also, with winding down of Iraq and Afghanistan wars, a large number of troops will be returning to the labor market. This will impact the unemployment rates in future months.

There are large numbers of people that have unexpectedly filed for Social Security before they have reached early retirement. Most have given up looking for work and are not counted as part of the unemployed. See http://www.washingtonpost.com/wp-dyn/content/article/2010/08/08/AR2010080802591.html

**Civilian Employment to Population Ratio – CE/P ratio is produced by the Federal Reserve Board of St. Louis using data from the Bureau of Labor Statistics. In the chart below, the grey bars represent recessions.

Civilian Employment-Population Ratio (EMRATIO)
Source: U.S. Department of Labor: Bureau of Labor Statistics

Shaded areas indicate US recessions.
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