

# Washington's figures recalculated: the real unemployment rate

by Lydia Schulman

The government's official unemployment rate is a hoax. Real unemployment is at least 60 percent higher than the officially reported figure. Using the most conservative of measures, the *EIR* econometricians have determined that real unemployment was minimally 12.4 percent in April, not the 7 percent reported by the Bureau of Labor Statistics, and that the combined measure of unemployment and misemployment was nearly 25 percent.

Sen. Edward Kennedy and others have been thumping on the leap in unemployment under the Carter administration, hoping to corral support for Chinese-model coolie "full employment" policies. There is nothing productive about full employment as such. Those Egyptian pharaohs who threw their entire populations into pyramid-building and other useless slave-labor projects supported "full employment." The goal of sound political economy is instead to foster advanced technology-based growth, which necessarily involves expanded employment as new fields and markets open up. The actual problem then becomes constantly upgrading the skill levels of the employed quickly enough.

The nation's current unemployment crisis is not the result of "labor-saving" technology, "cheap imports," or any of the other convenient scapegoats that Sen. Kennedy and his ilk inveigh against, but of the scientific and technological stagnation of the U.S. economy. Advancing technology creates new industries and the demand for more, higher-skilled labor.

## How BLS fakes it

The full dimensions of the unemployment crisis today are deliberately hidden by the Bureau of Labor Statistics, using a methodology developed by the National Bureau of Economic Research—the institution which just discovered that the economy is in recession. The NBER is also responsible for the prevailing "business cycle" theory, which insists on the inevitability of cycles of expansion and contraction in economic output and employment—denying the possibility of extended economic growth based on technological innovation.

In computing their measure of unemployment, the

BLS takes the number of officially unemployed workers—those reporting regularly to an unemployment center—as a percentage of the "labor force." From that labor force the growing number of "discouraged workers" who have given up actively looking for work after four weeks of unsuccessful jobhunting, and of working-age youth who have never held a job. As of April, there were 6.4 million Americans aged 16 to 64 in these two categories, on top of the 6.7 million officially unemployed in that age group.

## The actual labor force

The starting point for any competent analysis of the unemployment situation is the entire working age population. In the following breakdown we have selected the age group 16-64, which corresponds to current employment patterns. However, there is considerable flexibility at both ends. A significant percentage of "senior citizens" would be full or part-time participants in the labor force, under conditions in which experienced men and women were not forced into premature retirement by a declining job market and did not forfeit Social Security benefits by choosing to work. In a technologically advancing economy, many more youth and adults will be in school part-time to learn the latest technologies.

On the other hand, fewer young people will be shunted into endless and aimless graduate studies because there were no jobs for them to fill.

## Hidden unemployment

Starting with the working age population, we except from our measure of the labor force certain categories of individuals who are not immediately available for civilian employment. This includes members of the armed forces, the disabled, and women whose primary responsibility is raising children and maintaining a household.

We have been very generous to the BLS in our exclusions; for example, the "unable to work category" includes welfare recipients who have been relegated to the "not in the labor force" category by chronic unemployment and, properly speaking, are unemployed.

Having made these exclusions, we arrive at a labor force magnitude more accurate than that used by the BLS. All of those individuals in the labor force who are not employed are unemployed.

The chief difference between officially reported unemployment rates and our own is the growing category of "not in the labor force for other reasons." Who is the BLS hiding here? For one thing, out-of-school youth who have never held jobs and never entered the BLS's calculations. Real unemployment in the 16 to 21 age group, using the above methods, is over 20 percent. Among black male youth 16-21 years of age, real unemployment is nearly 40 percent. The economy has not been generating productive jobs quickly enough to absorb the youth population; at the same time, a growing proportion of youth are unemployable because of the collapse of public education and the spread of drug use.

Secondly, there are those individuals who have stopped actively looking for work or been forced into early retirement. The BLS calls this group the "voluntarily idle," which they say includes many workers in the declining "mature industries"—steel, auto, etc.—who have decided to remain at home and let their working wives support them.

### Shift toward female employment

The unemployment figures would look a lot worse were it not for the fact that a growing proportion of women have entered the job market and are holding down jobs (see graph). The *New York Times* recently

commented that this trend is the result of women's liberation. In actuality, the main factor behind the large-scale entry of women into the labor force is that it now takes at least two incomes to support a family. Women have been forced to enter the labor force not because their brains and skills were needed, but to alleviate the economic distress at home—and without adequate day-care and affordable home conveniences available.

The issue of rising female employment points to another significant economic and employment trend. Since 1975 especially, there has been a pronounced tendency in the economy for skilled male employment to be replaced by less-skilled, lower-wage female employment. This tendency correlates with post 1973 "oil hoax" efforts to "conserve energy" through shifting from energy and capital-intensive production modes to labor-intensiveness.

In 1956, the ratio of goods-producing jobs to the more-labor intensive, service sector jobs was approximately 40:60. In April 1980, the ratio stood at 28.5:71.5. From the standpoint of pre-1957 recession standards, then, another 10 million workers are currently misemployed—stuck in dead-end paper-shuffling jobs because of the evaporation of productive industrial jobs. If we add to this number the 3 million who reported that they were working part-time involuntarily—because they couldn't find a full-time job in their profession or trade or were put on a "four-day work week" by their employers—we arrive at a measure of the misemployed: 13 million. Thus the real scope of our nation's unemployment and misemployment crisis is 25 percent.

