

The real scope of U.S. unemployment

by Leif Johnson

There were, as of November 1981, 19.7 million Americans out of full time work. That amounts to 18.4 percent of the workforce, or between one in five and one in six Americans, able and willing to work, but unable to find it. That is how many people are unemployed.

But according to the Bureau of Labor Statistics of the U.S. Department of Labor, November's unemployment was just over 9 million, or 8.4 percent of the workforce.

How, then, is it possible that unemployment is really twice what the government tells us?

There are four major categories of persons ignored by the government statisticians. First, there are the unemployed among those millions who were never counted in the 1980 census; second, the part-time workers who actually want full-time jobs, but can't find them; third, those students who are in school because they cannot find work; and, last, those on welfare who could work. Add all these people to those officially counted as unemployed by the Bureau of Labor Statistics, and you will find there are nearly 20 million Americans out of work.

Where are they?

There are more Americans than were counted by the 1980 Census of Population, and of these, a sizeable portion is unemployed. How many more Americans are there than the 229,980,000 estimated by the Census Bureau in October 1981 based on the 1980 Census?

According to later government estimates, the 1970 Census undercounted the population by 5.3 million people, or an undercount of 2.7 percent. For black males, the undercount was as high as 9.9 percent.

Because of the bureaucratic snarls and the lengthy forms involved, the 1980 Census is certainly more inaccurate than the 1970 census. If the undercount in 1980 is assumed to be at least 3 percent, it means that 6.9 million people in the United States were not counted, of which 3.2 million are in the labor force, since nearly half—47 percent—of the population is in the labor force.

Of these 3.2 million people, at least half, and possibly more, are unemployed since the uncounted ones are by far the most likely to be unemployed. The sum total of uncounted Americans who are unemployed but not counted by the government as such, is therefore about 1.6 million.

The part-time unemployed

The Bureau of Labor Statistics admits that there are 4.7 million workers who hold part-time jobs because they cannot find full-time work. In other words they are part-time unemployed, and since part-timers work an average of less than 20 hours per week, we can count them as one-half unemployed, making a total of 2.3 million unemployed not counted by the BLS as unemployed.

There are of course, many more part-time workers than those listed as unable to find full-time work. The BLS has estimated that 15 percent of the 13.3 million "voluntary" part-time workers would take a full-time job, if offered one. That adds another 2.0 million to the rolls of the actual unemployed, for a total of 4.3 million unemployed not counted by the BLS.

Students are disguised unemployed

Many will recall that the number of college students swelled enormously in the Great Depression as many unemployed workers preferred to spend their time in classrooms, rather than on the streets. Certainly 15 percent of today's 11.5 million students in higher education are there as a substitute for unemployment. They may receive scholarships, money from parents, federal subsidies like the GI Bill, and other payments for attending college which they would not receive if they remained unemployed. Since half the students who enter college never finish, it can be assumed that 15 percent of college students are really disguised unemployed. The same is true of perhaps 5 percent of the 17.5 million attending federally subsidized vocational training, bringing the number of unemployed disguised as students to 2.6 million.

Welfare recipients

The largest federal welfare program, Aid to Families with Dependent Children (AFDC), lists 3.9 million families receiving assistance. Taking out the 340,000 full time workers on AFDC and counting the 200,000 part-time employed as half unemployed (100,000 unemployed), we have 3.5 million AFDC recipients who do not work. AFDC recipients include many fathers of families who cannot find work. Two-thirds of them could work and therefore must be counted as part of the labor force. This gives us an additional 2.2 million unemployed.

Now let's add up the figures: 1.6 million Census

undercount unemployed, 4.3 million part-time unemployed, 2.6 million student unemployed and 2.2 million welfare recipients unemployed. The sum of these jobless equals to 10.8 million. All of these people are not counted by the government as unemployed.

When we add the number of officially counted jobless—8.9 million in November 1981—we find the total number of Americans between the age of 16 and 65 who are able to work but do not have jobs is 19.7 million. That is an actual unemployment rate of 18.4 percent.

May be others

The above jobless rate calculation is about as accurate as we can get with existing government statistics. Yet suppose the Census undercount were 5 percent, or 8 percent instead of only 3 percent. And what of those who work in family businesses because they cannot find other work or of those receiving other forms of welfare or SSI benefits, migrant or seasonal workers, volunteers who take non-paying jobs "to get some experience," members of counter-culture cults and those employed in drug peddling and organized crime?

Since we have no way of counting such individuals from existing government statistics, all that we can really say is that the 19.7 million jobless figure is a minimum and not a maximum number.

Why BLS discounts unemployed

The BLS fails to count actual unemployment because that is the way the post World War II "labor experts" constructed the reporting system. If, for example, this year a million jobless workers ceased looking for work for a four week period, unemployment would drop by one million. If they became unpaid family workers, students, held jobs they did not want to report for tax or criminal reasons, or did not have a telephone to permit the BLS to survey them, the unemployment figure would drop by 1 million. If they all became part-time workers, which is to say, part-time unemployed, they would be removed from the lists of the unemployed as would they if they became welfare recipients.

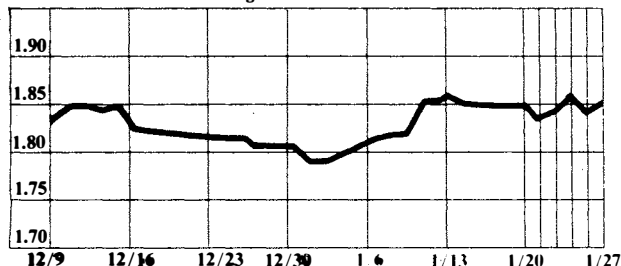
The BLS takes into account only the "marginally unemployed"—those who have not yet been forced out of the job market because of the unavailability of jobs.

As the current depression deepens, the number of workers who do not seek regular jobs because they know that jobs do not exist steadily increases. Thus an increasing number of jobless Americans are not being counted as unemployed, and the official unemployment figure is kept far below the actual rate. And in this way, the Bureau of Labor Statistics will ensure that there will never be another depression—in its statistics, at any rate.

Currency Rates

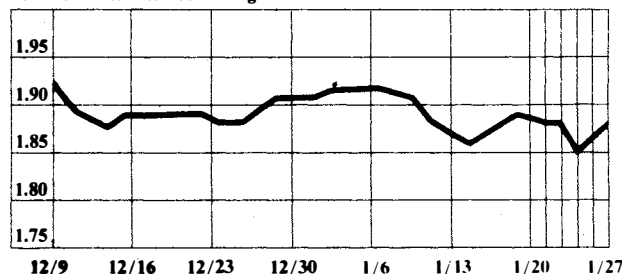
The dollar in Swiss francs

New York late afternoon fixing



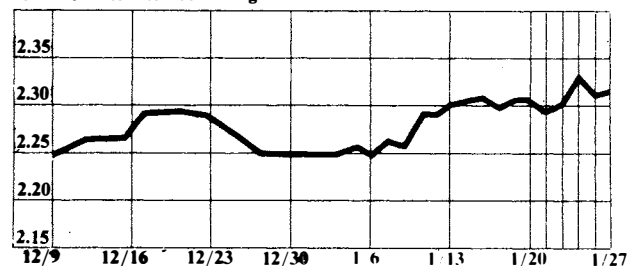
The British pound in dollars

New York late afternoon fixing



The dollar in deutschemarks

New York late afternoon fixing



The dollar in yen

New York late afternoon fixing

