



LABOR MARKET NEWS IS MIXED BY JULIANNE MALVEAUX

When the unemployment rate was released on Friday, August 7, there were many who call the tenth of a percentage drop in the rate, from 9.5 to 9.4 percent, as something to celebrate. And there was, indeed, good news in that the economy shed 247,000 jobs from June to July, the lowest number of jobs that have been shed since the economy has gone careening downward. The stock market celebrated by surging 113 points – economists had expected the unemployment rate to tick upward, not downward.

People are eager for economic good news because so much bad news abounds. While the unemployment rate is better than expected, there is still much grim economic news that has to be considered before anyone pops the cork on a celebratory bottle of champagne. Part of the reason the unemployment rate is dropping is because people are dropping out of the labor force. 2.3 million are “marginally attached”, which means they are available for work, but they’ve stopped looking. Then there are the millions who are working part time because they want full time work. When those folks are added to the mix, the unemployment rate is actually 16.3 percent.

It is no surprise that the unemployment situation for African Americans is even more severe. The African American unemployment rate is 14.5 percent. If the pattern of marginal attachment and involuntary part time work mirrors that of the majority community, then the “real” unemployment rate for African Americans is actually and have either stopped working or looking because they are discouraged, the number is 25.1 percent – one in four, the rate our nation experienced in the Great Depression. Because some economists believe the patterns of marginal attachment are higher for African Americans, the rate can be as high as 30 percent.

Young African Americans experience “official” unemployment rates of 38 percent, and unofficial rates that exceed half. That means that work is the exception rather than the rule for young people. Too many recent college graduates are entering the labor market with profound disadvantages. While the stimulus package may be responsible for some of the good news in the labor market, it has not yet trickled down to those who need a head start on their economic lives.

More bad news – the number of people who have been unemployed for half a year or more rose by 540,000 last month. That brings the total to 5 million people who have been unemployed for more than 27 weeks. That’s a full one-third of the unemployed! The longer people are outside the labor market, the more difficult it is for them to find work; the easier it is for them to become discouraged. Some of these long-term unemployed, 540,000 of them, according to the National Employment Law Project, will run out of unemployment insurance benefits by September. By the end of the year, 1.3 million will run out of unemployment insurance benefits. Usually, those who have worked a year qualify for unemployment insurance benefits for 26 weeks, but during this recession, and in high unemployment states, people may get as many as 52 weeks of coverage. To be sure, the amount is usually well below half of the paycheck one was earning. And too many don’t qualify for unemployment insurance because of the short time they worked.

The bottom line – when you scratch beneath the surface of the unemployment rate drop, there is plenty to be concerned about with the labor market. The high number of long term unemployed, the challenge of unemployment insurance running out, the special burden that young people, African Americans and others shoulder are all matters of concern. While I don’t want to rob the economic pundits their moment of celebration, I do wish their analysis were

presented in a more balanced way. Too many Americans are being challenged by this labor market, and there is much work to do before the job market looks better. When the unemployment rate drops three months in a row, we can say we've turned the corner on this recession. Until then, we are still treading water, but some are drowning in debt and despair.