

# ADA

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### FOR IMMEDIATE RELEASE

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## **Real Unemployment Rate at 17% ADA Calls for Unemployment Benefits Extension**

Washington, DC – Americans for Democratic Action, proud liberals fighting on behalf of working and unemployed Americans for 62 years, released the following statement about today’s unemployment numbers from the Bureau of Labor Statistics:

**“The real unemployment rate released today by the Bureau of Labor Statistics is 17%, over 7 points higher than the officially reported rate,” said ADA National Director Michael J. Wilson**

The real rate includes marginally attached workers which the BLS reports “are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the recent past. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not looking currently for a job. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule.”

“We cannot underscore enough the seriousness of the unemployment situation,” Wilson continued. “There is no recovery without job creation.”

“The latest BLS report shows 35.6% of the unemployed have been without work for more than 27 weeks.

**“Unemployed for a day, you can make it. Unemployed for a month, you will struggle. Unemployed for six months and you are facing disaster. It’s not just how many are jobless, but also for how long.**

“It is critical that the Senate pass the extension of unemployment benefits quickly, otherwise hundreds of thousands of Americans will lose their benefits. Unemployment benefits are critical not just to sustain families, but as a continuing economic stimulus since they are spent on groceries, housing, utilities, and other necessities. We must continue to build jobs and consumer confidence and resist government paralysis in order to avoid a double dip recession.”

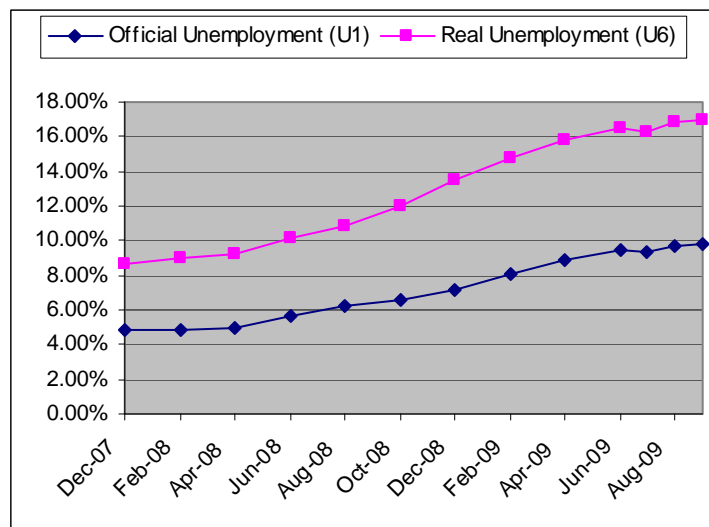
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ADA is America's most experienced independent liberal lobbying organization. In the spirit of the New Deal and ADA founders Eleanor Roosevelt, renowned economist John Kenneth Galbraith, and former Senator and Vice President Hubert Humphrey we lobby through coalition partnerships, through direct advocacy, and through the media. [www.adaction.org](http://www.adaction.org)

## UNEMPLOYMENT NEAR HISTORICAL HIGH FORESHADOWING MORE DETERIORATION OF THE MIDDLE-CLASS

Today's Bureau of Labor Statistics (BLS) report shows the official measured unemployment rate as 9.8% for September 2009. This statistic is known as A1 and is published on page one of the First Friday report by the BLS. However this figure only accounts for people who are not working and are actively seeking fulltime employment; but this masks what's really going on in the workplace. In reality there are 27.5 million Americans who are either jobless or underemployed instead of the 15.14 million officially measured. The "real" jobless rate takes into account part-time workers seeking full-time work, discouraged job seekers and persons furloughed from full-time to part-time status. This real rate of unemployment is 17% and is a much more accurate indicator of the labor market. This statistic is known as U6 in Table A-12, The Employment Situation—September 2009, BLS report.

In a strong economy there is normally a four point difference between the A-1 (9.8%) and the U-6 (17%) statistic in the First Friday report by the BLS. But during an economic downturn this gap grows. As the labor market becomes tougher, people find whatever work is available. A highly qualified person taking entry level positions is one example. In turn, the number of underemployed or discouraged workers will continue to grow. This continues to happen even after the officially recorded unemployment rate begins to go down.



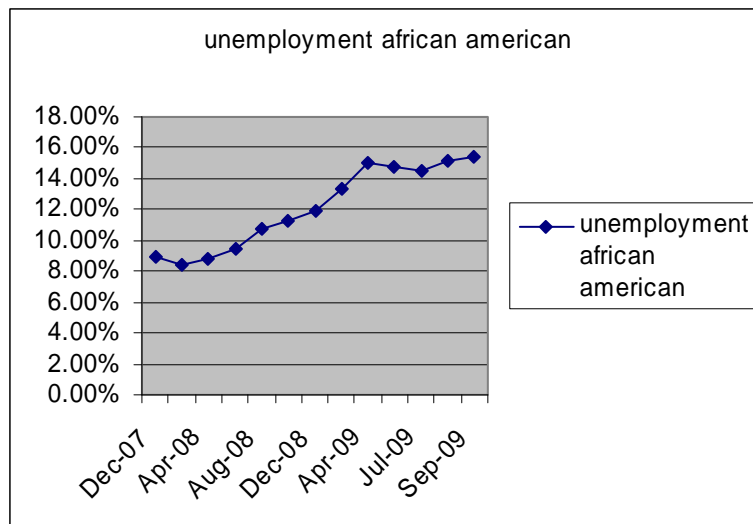
An employment rate, even one as comprehensive as the U6 statistic still only shows one dimension of the troubles facing the job market. The Manchester Index gives a much fuller, two dimension view. Simply put, the Manchester Index is the number of people unemployed multiplied by the number of weeks, on average, they are without work. According to the Manchester Index the unemployment rate of this nation worse now than at any other time since WWII but in addition people are being left unemployed for longer amounts of time.

Paul Manchester said, "The news on the Manchester Index is bad indeed. The number of unemployed rose from 14.93 million to **15.14 million**, and the average duration of unemployment rose from 24.9 weeks to **26.2 weeks**, so the Manchester Index rose from 371.7 million weeks of unemployment in August to **396.7 million weeks of unemployment in September**. Just think what could have been produced in those nearly 400 million weeks of unemployment, let alone the hardship on the unemployed. This surely calls, at least, for an extension of unemployment benefits."

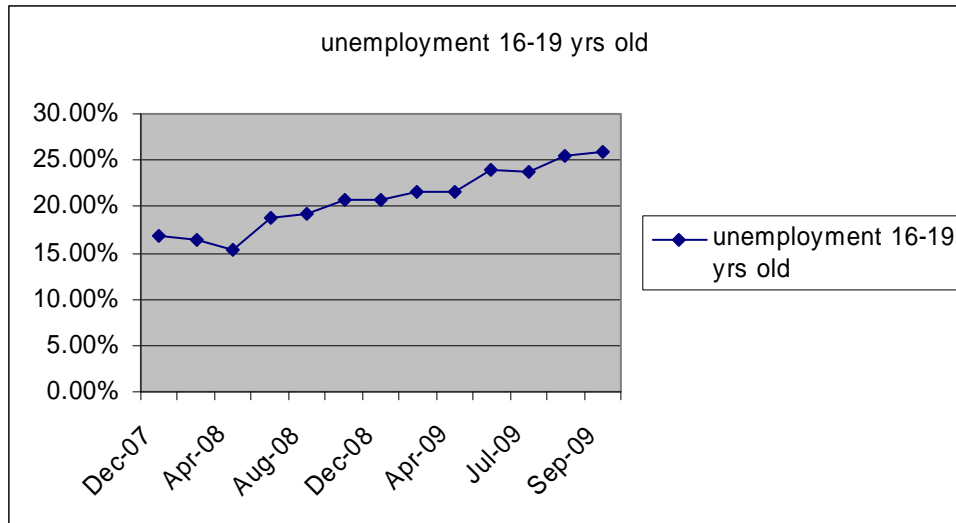
The employment rate is considered a ‘lagging indicator’, meaning that even when Wall Street and industries are on the mend the people are still hurting. Full employment is normally thought of to be when only 4.4% of the workforce is unemployed. With over 27 million Americans unemployed or underemployed there is a long way to go before we are where we should be.

The reality of the labor market becomes even worse if you are part of certain societal subsets. Rates of unemployment vary drastically when broken down by age and race.

Historically, the jobless rate for African Americans has been more than twice that for Whites. During an economic crisis this gap grows. The officially stated unemployment rate (Table A-2, The Employment Situation—September 2009, BLS report) for African Americans is 15.4%. The BLS does not release the U6 unemployment rate for each minority group, but Americans for Democratic Action calculates that the actual unemployment/underemployment rate of African Americans is closer to 20% and may be as high as 25%. Furthermore, not only are African Americans more likely than other groups to be unemployed, those who are unemployed have spent more time looking for work (median duration for African Americans was 11.1 weeks in 2007 and 7.9 for Whites.). Additionally, when employed, African Americans are much more likely than Whites to be working in lower-paying occupations (according to recent BLS report Labor Force Characteristics by Race and Ethnicity, 9-2008; pp12-17).



The employment situation facing this nation is also pretty bleak for the youth of our nation. The officially published rate of unemployment for 16 to 24 year olds is 12.8%. The U6 rate which includes underemployed and discouraged persons has been calculated for 2008 for youth as 26.3%. That means that for every American age 16 to 24 that are looking for full-time work more than one in every four are unable to find it. Going forward this could make the employment struggle worse even as the economy gets better. As the ranks of the unemployed/underemployed swell with young people entering the job market the economy will struggle to produce enough new jobs.



These indicators of the job market cry out for something more to be done, that the Federal Government must stimulate this job market. And as Bobby Kennedy once put it: "Some men see things as they are and say, 'Why?' I dream of things that never were and say, 'Why not?'" With a Democratic majority at the Congress and at the White House, time has come to fulfill Bobby Kennedy' dream!

Michael J. Wilson, ADA National Director, while noting this dismal trend in the job market, said, "I call on the Congress to stimulate the economy and help create jobs. Our economic security depends on robust and quick action by the Federal government to help reduce this persistently high unemployment and restore financial integrity to thousands of Americans who seek work."