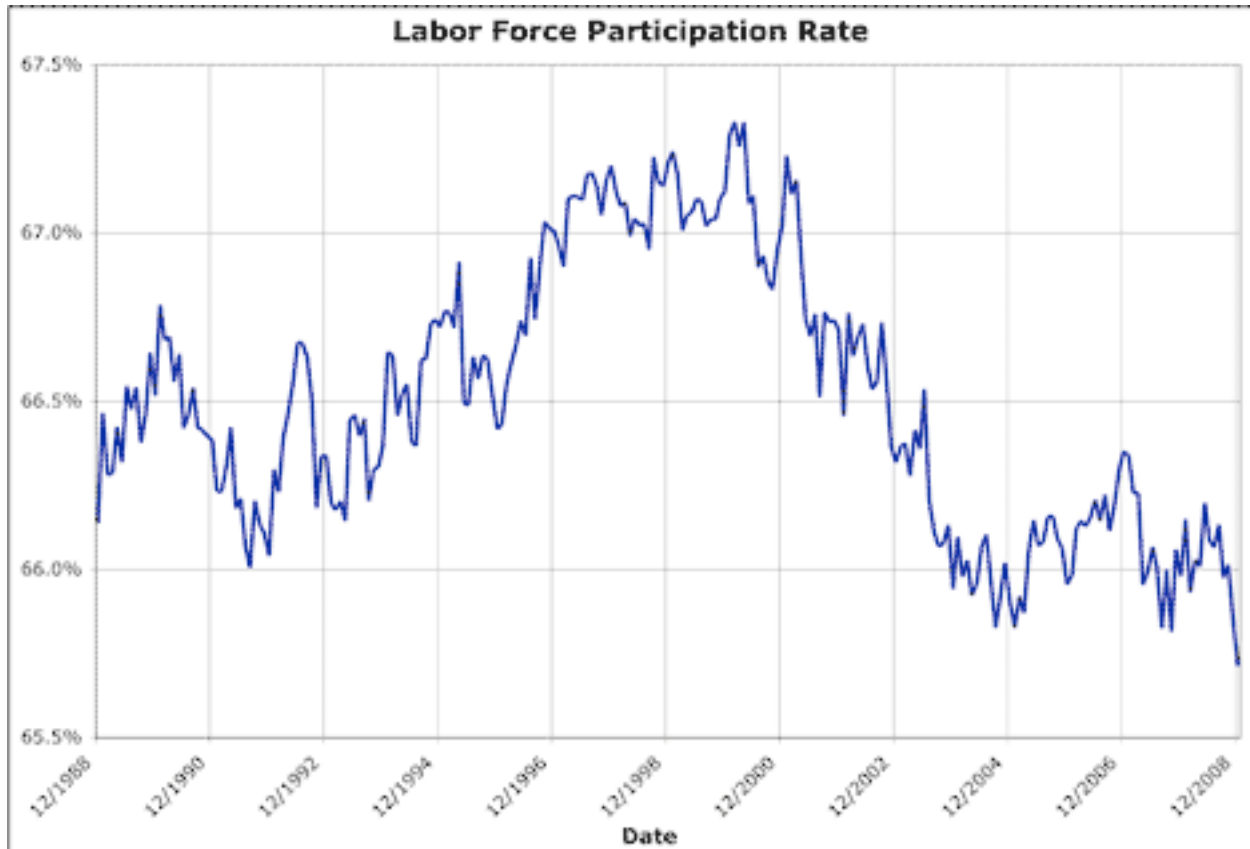


America Unemployed by Dan Jacoby

The “official” unemployment rate is now 7.2%¹, the highest number in almost 16 years. In January of 1993, the unemployment rate was listed at 7.3%, but the current number is even worse, when the complete picture is shown.

In early 1993, more American adults were officially in the labor force (see chart of the last 20 years below). That is, they were either working or looking for work. Today, millions of American adults have dropped out of the labor force – they’ve given up. If the “Labor Force Participation Rate” today were the same as it was back then, the “official” unemployment rate would be 7.9%.



But it’s even worse than that. Over the past sixty years, the participation rate has increased steadily, with minor bobbles during the recessions. It peaked in the first few months of 2000, falling slightly during the recession that followed. The participation rate never recovered during the George W. Bush years; it leveled off during 2005 and 2006, but has been falling ever since.

Now, that rate is at its lowest level in over 20 years, and it is still falling.

If we took the average participation rate during the Clinton years, and plugged that in, the unemployment rate would be 8.7%. That’s a much more accurate picture of just how bad things are right now.

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¹ All employment figures are culled from the Bureau of Labor Statistics website, at <http://www.bls.gov/webapps/legacy/cpsatab1.htm>.