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Jobs picture looks darker than official stats indicate

By Tim Steller

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When the nation's unemployment rate hits 8.1 percent, as it did in February, optimists rejoice that 91.9 percent of people are employed.

But the pessimists win this one.

The federal definition of "unemployed" cuts out large, growing swaths of people who don't have jobs, including those who haven't sought work for the past month. And the group considered "employed" can be misleading in that it includes the swelling army of part-time workers who would rather have full-time jobs. Add all that up, and the number of unemployed is larger than the numbers indicate.

Take Adriana Montaña, who was shopping last week at the Community Food Bank, 3003 S. Country Club Road.

Montaña, 29, said she was laid off last May when the Hart & Cooley manufacturing plant on North Flowing Wells Road closed. Since then, she has applied for perhaps 20 jobs, from cleaning houses to picking tomatoes. She didn't get any of them.

About six weeks ago, she said in Spanish, "I got tired of filling out applications." And she stopped.

Sounds unemployed.

But she's not.

Since Montaña quit looking for work more than a month ago, she formally dropped out of the labor force as defined by the U.S. Bureau of Labor Statistics, which compiles monthly unemployment rates using data from the Current Population Survey. So Montaña, jobless and shopping at the food bank, is not counted as unemployed.

The bureau does actually measure the "underemployed" — which includes people like Montaña who have looked for work during the past year, but not in the past month — but it tucks that data into a little-reported appendix to the monthly employment report. The index also counts the exploding ranks of people who work part time but would rather work full-time.

That rate, which includes the unemployed, rose to 14.8 percent in February from 13.9 percent in January.

John Williams says the reality of unemployment, as experienced by the common person, is even more dismal than the underemployment figures show. Williams, an economist who runs a Web site called Shadow Government Statistics at ShadowStats.com, adds another group to the underemployment rate: discouraged workers who haven't looked for work in the last year.

underemployed in Arizona

The Bureau of Labor Statistics has long measured the underemployed for the whole country. But only recently did it begin breaking down the underemployment rate by state.

Here are the 10 states with the highest underemployment rates for all of 2008, plus Arizona.

1. Michigan 15.1 percent
2. California 13.4 percent
3. Rhode Island 13.2 percent
4. Oregon 12.6 percent
5. South Carolina 12.1 percent
6. Alaska 12 percent
7. Florida 11.9 percent
8. Illinois 11.7 percent
9. Ohio 1.4 percent
10. Tennessee 11.4 percent
17. Arizona 10.7 percent

Unemployment in Arizona

The latest unemployment figures for Arizona were released by the state's Commerce Department on Thursday.

Area Feb. 2009 rate Jan. 2009 rate

Arizona 7.4 percent 7.0 percent

Phoenix area 6.7 percent 6.1 percent

Tucson area 6.6 percent 6.0

Those workers are discounted from the BLS underemployment rate. | percent

When Williams adds them, he comes to what he calls an "alternate unemployment rate" of 19.1 percent for last month. **Underemployed growing**

As the economy swoons, the ranks of the underemployed are growing faster than the unemployed.

In November 2007, the month before the recession started, the unemployment rate was 4.5 percent, and underemployed amounted to 8.1 percent, a difference of 3.6 percent. Last month, with the unemployment rate at 8.1 percent and the underemployment rate at 14.8 percent, a gap grew to 6.7 percent.

The growing number of underemployed has Tom Hill's Tucson church growing.

"Every Sunday we have people like this," said Hill, the pastor of WORKship Methodist Church, which holds services at Z Mansion, 288 N. Church Ave., attended largely by down-on-their-luck Tucsonans. "They have had jobs, but they are out of work so long that they aren't trying anymore."

Or, Hill said, "They accepted a part-time job, which means they are underemployed."

Attendance at Hill's Sunday service has swollen with the ranks of the underemployed, from about 30 two years ago to 150 to 200 today, he said.

To be counted as unemployed by the Bureau of Labor Statistics, you have to be jobless and meet these criteria: You want a job, you are available to work, and you are actively seeking work.

If you don't fit these criteria, then you aren't even considered part of the country's labor force. But that isn't such a lonely place to be: The bureau reported 81.1 million Americans were not in the labor force last month, up from 80.3 million in February 2008.

The growth isn't surprising, said Heidi Shierholz, a labor market economist for the Economic Policy Institute in Washington D.C.

"When you have a slack labor market, you see a lot of people dropping out because they don't think they'll find a job that fits their qualifications," she said.

An ever bigger contributor to the growing number of underemployed Americans is "involuntary part-timers."

"They want full-time work, and they're available for full-time work," Shierholz said. "That measure has skyrocketed during this recession." **Incomplete picture**

Only a variety of statistics, looked at together, can paint an accurate picture of the employment situation, Shierholz said.

"There is no way you can capture the nuances of any labor market in one number," she said.

What Williams, of Shadow Government Statistics, aims for is to reflect the reality we live.

"What I'm trying to come up with is what seems to match something close to common experience," Williams said. "The average person has a sense of whether he's unemployed."

He noted that the 19.1 percent figure he came up with for the underemployed approaches the peak of unemployment in the Great Depression: about 25 percent.

But comparisons of unemployment from the 1930s to now can be dicey. The surveys used then to determine who was unemployed were much different from those used now.

Also, the effects of unemployment were different. More families were dependent on sole breadwinners, and when they lost their jobs, the whole family hit the skids, said Harry Holzer, a professor of public policy and economist at Georgetown University.

"The comparisons to the Great Depression are in terms of the meltdown of the financial markets and the potential that creates for big unemployment increases. We hope we don't get there," Holzer said.

Still, Price Fishback, a professor of economics at the UA's Eller College of Management and scholar of the New Deal, said we're unlikely to approach that era in terms of the people's suffering. Unemployment rates reported now and then are broadly comparable, he said via e-mail, and there probably were even more

"discouraged workers" — also uncounted in the unemployment rate of the time — during the 1930s.

In a recent paper, he wrote, "we have a very long downward path to follow before we get anywhere near the pain associated with the Great Depression."

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