

 **LETTER TO THE EDITOR**
THE EUPHORIA
IS PALPABLE!
BUT IMPORTANT
EMPLOYMENT STATS
ARE NOT IMPROVING!

By Stephen L. Bakke  October 5, 2014



Here's what provoked me:

A Minneapolis StarTribune article on October 4 was titled: "Jobless rate drops to a 6-year low ... economy is not stalling ... strong report." And in the Fort Myers News-Press on the same day: "Hiring surge sends jobless rates plunging." I agree that this month's unemployment percentage is "better" than what we have been seeing. But the measurement being used to make those claims is the wrong one to focus on in a recovery! Nowhere in either of those articles was it pointed out that the labor participation rate has sunk to the lowest/worst level since late in the "Carter malaise." The labor participation rate measures the percent of otherwise willing workers with a job. As the frustrated unemployed drop out of the labor force, the labor participation rate PLUMMETS - that's awful news! At the same time, this actually reduces the unemployment rate used by the Department of Labor! This lower unemployment rate is "sold" as good news when there really isn't any! No wonder citizens are confused!

Here's my response 😊:

The Euphoria is Palpable! But Important Employment Stats are NOT Improving!

Minneapolis StarTribune, October 4: "Jobless rate drops to a 6-year low ... economy is not stalling ... strong report." And from a non-local article: "Hiring surge sends jobless rates plunging." I agree that this month's unemployment percentage is better than what we have been seeing. But even our President acknowledges that too many people are not feeling improvement. Why? Because the measurement used for the reports is the wrong one to focus on!

The official "unemployment rate" is now 5.9%, a drop of .2% from the prior report. I'm selfishly happy this caused the stock market to go up because much of my future depends on the market's success, but I can't contain my amazement at our ability to continue to "kid ourselves." If you account for the people who gave up looking for a job out of frustration, the people with part-time jobs that want full-time jobs, and the people who dropped off the unemployment rolls because their unemployment benefits ran out, etc., you get another impression of what the unemployment rate REALLY is. That number is labeled "U-6" in the government labor statistics and is currently **very high at 11.8%**.

Labor analyst and commentator Mike Shedlock writes: "Were it not for people dropping out of the labor force over the past several years, the unemployment rate would be well over 9% ... The falling unemployment rate is very deceiving, painting a picture of improvement that simply does not exist."

We should quit kidding ourselves! Let's face our true problems!