

# ***PERSONALLY SPEAKING***

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## **THE KEY TO RECOVERY, MR. PRESIDENT, IS NOT MORE HEAVY-HANDED GOVERNMENT INTERVENTION**

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*Permission to quote is granted when the source is acknowledged.*

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The August jobs picture continues to disappoint. The unemployment rate remained unchanged at 9.1 percent. The number of persons unemployed almost reached 14 million. There were no payroll jobs added in August. The number of persons working part-time for economic reasons in nonfarm jobs climbed by 452,000.

Even so, this is no time to panic, Mr. President. One does not allow severely malnourished persons to gorge themselves on food. They can handle only small amounts of nourishment at first while their bodies slowly recover. Similarly, one does not intervene forcefully in an economy that has survived the Great Recession but has a long way to go before it recovers fully. Recovery takes time and patience.

Crafting the right policy also requires looking beneath the surface of the jobs data to identify where the recovery is stirring and where it is lagging.

Consider the following signs of labor market recovery.

Compared to July, there was a 471,000 increase in the number of persons working full-time in August.

The monthly jobless rate for all persons in the labor force has decreased year over year, 2010 to 2011, for thirteen consecutive months.

The monthly jobless rate for all white persons 20 years of age and older has fallen year over year for fifteen consecutive months.

The unemployment rate for married men in August was 5.9 percent. Year over year their rate has fallen for sixteen consecutive months. For married women the jobless rate stood at 5.8 percent. Their rate, year over year, has dropped in eight of the last nine months.

Fewer persons in July-August 2011 were counted as transitioning from being employed to unemployed than one year earlier.

**Recovery is stirring, at least for those segments of the labor force. But it is agonizingly slow. And complicated. Consider the following indicators that recovery is lagging.**

**Unemployment among all blacks increased from 15.9 percent in July to 16.7 percent in August.**

**For adult black men the rate of unemployment in August was 18.0 percent.**

**Year over year the monthly jobless rate for all blacks, excluding teens, has been higher in seven of the last thirteen month including every one of the last four months.**

**There were 6,493,000 persons not in the labor force who currently want a job. None of them were counted among the 13,967,000 persons officially estimated as unemployed.**

**The rate of unemployment was above 10 percent in several sectors of the economy including construction, leisure and hospitality, and service occupations.**

**It was at 11.3 percent for Hispanics and Latinos, 11.9 percent for women who maintain families, and above 16 percent for the disabled.**

**Joblessness was three times higher for persons who are school dropouts vs. those who have completed at least a four-year degree program.**

**What to do to speed up the recovery for those who are lagging behind?**

**As for monetary policy, the Federal Reserve has committed to maintaining historically low interest rates until 2013 in the expectation that low rates will assist the recovery by making it cheaper to borrow money and thereby boosting aggregate demand. Nothing more can be done here.**

**As to fiscal policy, there is strong opposition to anything resembling STIMULUS II, and unless you are convinced that the economy is headed for another recession, any stimulus package especially if it is massive in scale is the equivalent of force feeding a starving person. Nothing more is politically possible here.**

**What then can be done?**

**First, Mr. President, any government intervention has to be targeted to assist those for whom economic recovery is lagging.**

**Second, Americans have to face the reality that it takes time to upgrade the educational development of present and future generations of teens and to develop the skills that adults need to fill the jobs that, even with unemployment above 9 percent, currently are unfilled. This will require elementary and secondary schools that are places of learning and personal**

development rather than sources of employment and pay checks, and investment in apprenticeship training, ideally on the job rather than in an institutional setting, along with trainees who are able and willing to permanently relocate to cities and states where those jobs are available. Neither of these requirements is easy to address in a culture that demands immediate results.

As always, the future belongs not to those who are passive and bored but to men and women of action who take pride in what they have accomplished, in the capable and responsible persons they are becoming. In this regard, monetary and fiscal policy clearly are of little use.

Third, keep in mind that the present grim conditions for lagging segments of the labor force do not represent a permanent state of affairs. For example, as recently as 2007 -- two years before STIMULUS I -- monthly joblessness among adult blacks ranged from 6.6 percent to 7.7 percent.

The key to the recovery, Mr. President, is not more “shovel-ready” projects. It is not more heavy-handed federal government intervention. It is trusting the American people to do what most of them always do – taking care of their families, their co-workers, and their neighbors.

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