

PERSONALLY SPEAKING

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MANY AMERICANS IN SEVERE ECONOMIC DISTRESS

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The employment and unemployment figures from the September *Current Population Survey* call attention to two developments in 2008 one of which has been noted earlier in the year by Mayo Research Institute while the other has passed largely unnoticed. First, since the beginning of the year, the number of women 20 years of age and older with jobs dropped by only 26,000. During this period, the number of employed adult women ranged from a high of 65,260,000 in April to a low of 65,047,000 in August.

In sharp contrast, over the January-September period there were 796,000 fewer adult men at work. The employment high of 75,427,000 occurred in January, the low of 74,631,000 came in September. Further, every month-to-month change in the employment of adult men in 2008 has been negative though at times the change was not statistically significant. Put differently, there was not a single positive month-to-month change even when the test of statistical significance is set aside. The number of employed adult men dropped by 235,000 in September alone which substantially exceeds the 159,000 decline in the number of jobs as reported in the September *Current Employment Survey* which counts jobs held by men and women alike.

The difference between the *CES* and the *CPS* concerns the distinction between *humans* -- living, breathing existential actualities -- and *things*. The *CPS* tallies the numbers of employed men and women. The *CES* counts the total number of jobs and does not disaggregate that data by sex.

Second, and less well noticed, are developments in unemployment for all persons on the one hand and for adult men and adult women on the other. **For all persons, the August 2008 increase of 592,000 in the number classified as unemployed is the second largest monthly increase since 1998. The 861,000 increase in May was the largest month-to-month hike in the jobless total in the last ten years.**

In January, the unemployment rate was nearly the same for adult men and adult women: 4.2 percent for women, 4.4 percent for men. In September, however, that difference widened considerably: 4.9 percent for women, 6.1 percent for men. **The last time the monthly rate for men exceeded 6.1 percent was in 1993. Additionally, the biggest monthly change in the jobless rate for men in 2008 occurred in May when it jumped by 0.5 percent point -- a change which is so atypical that the last time it occurred was in 1986.**

As expected in a contracting job market for adult men, unemployment among men climbed from 3,437,000 in January to 4,813,000 in September. Further and in spite of the very small erosion in the number of employed adult women since January, unemployment for women increased from 2,885,000 to 3,351,000. Indeed joblessness among women reached a high of

3,625,000 in August. Clearly there has been a flow of women entering and re-entering the labor force probably in response to the marked decline in the number of adult men with jobs many of whom are primary wage-earners. To explain, **adult female family members who were not in the labor force have been (re-)entering the labor force hoping to find a job and replace the lost earnings of those adult male family members who no longer are employed.**

Even today there are commentators who still insist that the U.S. economy is not in recession because it has not experienced two consecutive quarters of declining gross domestic product – a measure of economic performance that focuses attention on *things*. Plainly, however, many Americans right now are having a tough time managing their day-to-day economic affairs. Heightened joblessness coupled with the grave problems which originated last year in the mortgage market and then spread to other financial markets indicate that many Americans today are severely distressed. It remains to be seen if economic conditions will get even worse before they get better.

The key to recovery in financial markets is putting a halt to and reversing the decline in housing values so that the typical homeowner with a mortgage is able to make his/her monthly payments and enjoys some positive equity, and for anyone who is selling his/her house the price at closing covers at least the outstanding mortgage balance. The key in the real economy – in product and resource markets -- is employment because jobs translate into earned income and, particularly in a period of tight credit, earnings from work drives consumer spending which in turn largely determines the demand for goods and services across the entire economy.

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