

PERSONALLY SPEAKING

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“WE’RE MOVING IN THE RIGHT DIRECTION” AND OTHER QUESTIONABLE SOUND BITES

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Americans are a restless people always on the move: adding new states and territories to the union, finding a northwest passage, laying the rails to unite east and west, digging a canal to shorten the ocean voyage from West Coast to East, dispatching mail by pony express, moving from place to place in search of better opportunities, tearing down the old to make way for the new, for what seems to be better. Consistent with that history of getting the job done quickly and moving on, Americans more recently have embraced instant replay, instant breakfast, instant oil changes, instant lottery tickets, instant messaging, fast-track emergency care, 24/7 cable news casts, online news sources.

Talking heads have given the United States a world of information reduced to sound bites and while we may learn something from those sound bites it is problematical as to whether we know enough to make well-informed decisions in our personal lives as family members and our public lives as neighbors and citizens in a democratic society. In the following, Mayo Research Institute has checked out seven sound bites relating to current economic conditions against data from the Bureau of Labor Statistics employer and household surveys.

“We’re moving in the right direction.” Leaving aside postal workers, federal government payrolls over the past year have jumped by 446,400 employees. Even so, the overall jobless rate in June 2010 was unchanged from the 9.5 percent rate in June 2009. The unemployment rate for all government workers including state and local governments was 4.4 percent. However, **for nongovernment workers the June 2010 jobless rate was 10.5 percent.** Year over year, construction payrolls wee down by 447,000

“No one is hiring.” In addition to the massive increase in federal government employment, the temporary help services industry has added 345,200 since June 2009. Over the last year, payrolls in the health care sector climbed by 217,400. The hard-hit motor vehicles and parts industry has tacked on 54,800 jobs. There were actually more (+54,000) African Americans 20 years of age and older working in June 2010 than one year earlier. Yet **the current rate of unemployment for all African Americans was 15.4 percent up from 14.8 percent in June 2009.**

“This slump is a ‘guy’ thing.” Among white men 20 years of age and older, there were 79,000 fewer employed in June 2010 than one year earlier. **For white women in those ages, the number with jobs has fallen by 286,000.**

“Veterans are having a tough time finding work.” True for male veterans with service during Gulf War II where the current jobless rate is 10.8 percent. However, overall **the unemployment rate for nonveterans, whether male or female, is actually higher than for veterans.** Among all nonveterans the June 2010 jobless rate was 9.3 percent. For all veterans it was 8.0 percent.

“Unemployment insurance creates jobs.” Average duration of unemployment has been rising steadily over the years. To illustrate, at the November 1948 business cycle peak, the unemployed were out of work on average for 7.8 weeks. At the July 1981 peak, average duration was 13.8 weeks. In December 2007 which marks the peak in the current cycle, jobless Americans were out of work for 16.5 weeks. **Today duration stands at 35.2 weeks on average, no doubt due in part to the extension of unemployment insurance benefits from 26 weeks to 99 weeks.**

“College graduates too are having a tough time finding work.” **The June 2010 unemployment rate for persons 25 years of age and older with at least a bachelor’s degree was 4.4 percent or less than half the national average.** While their jobless rate is below the 5.0 percent reached last December and February, it is much higher than the 2.1 percent rate at the start of the economic contraction in December 2007. We are unable to answer the question as to whether college graduates are finding jobs for which they hoped their college degree would prepare them.

“America is a land of opportunity.” **True for the foreign born in America who over the last year have seen the number employed rise by 754,000. Not true for employed native-born Americans who since June 2009 have seen their numbers fall by 1,697,000.**

There are no instant remedies for what ails the U.S. economy. Better to muddle along until we know more than to charge headlong making decisions based on sound bites that hide significant trends and developments. In a world of complexity, uncertainty, and change, we can be reasonably sure of one thing: we will know more later, provided we are willing to roll up our sleeves and do the tedious work of looking behind the sound bite.

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