

PERSONALLY SPEAKING

Number 91

February 28, 2012

GREAT RECESSION AND 8 PERCENT TARGET UNEMPLOYMENT RATE

Edward J. O'Boyle, Ph. D.

Mayo Research Institute

Permission to quote is granted when the source is acknowledged.

For the last three years, the public discourse regarding the Great Recession has focused on persons out-of-work chiefly because with the passage of his stimulus package President Obama and his economic advisers assured the nation that the rate of unemployment would not rise above 8 percent. Further, earlier this month the Congressional Budget Office projected that the rate would “remain above 8 percent until 2014.” If the CBO projection turns out to be accurate, joblessness month in and month out will have remained above 8 percent for an unprecedented five consecutive years.

We indeed do well to focus on persons out-of-work, as opposed to GDP, because human beings especially those in need matter more than things. However, this laser-like attention to the jobless rate for all persons 16 years of age and older has drawn attention away from several other important labor force developments.

The Great Recession has been much more severe for men than for women. Among all men 16 years of age and older, there were 21 consecutive months starting in April 2009 in which the jobless rate topped 10 percent. Among women of the same ages, however, there was not even one month in which the rate went double digit. *This very important difference between men and women is buried in the statistical evidence showing that for all persons -- all men and all women -- joblessness topped 10 percent only once, in October 2009.*

The record is considerably different in the last severe recession of the 1980s. For men, there were 12 straight months of joblessness above 10 percent: July 1982 to June 1983. For women, there were 17 consecutive jobless months in excess of 9 percent: April 1982 to August 1983. In contrast, since the onset of the current recession in December 2007, the jobless rate for women went to 9 percent only once -- in November 2010. *These data indicate that for women the Great Recession took place in the early 1980s.*

For men and women alike, joblessness spares those who are married. Unemployment among married men and women remained below the 8 percent target rate throughout the Great Recession. Among men, it peaked at 7.3 percent in November 2009. Today it stands at 5.1 percent. Among women, it peaked at 6.2 percent in April-May 2010. Today it stands at 5.6 percent. Whatever other characteristics may differentiate married persons from others, no doubt their heightened family responsibilities often make them more committed to doing what is necessary to keep their jobs and more aggressive in finding work when they are jobless.

In the mid 1950s, more than half of all jobless men were married. Today they represent roughly 35 percent of all unemployed men. A remarkably similar trend has taken place among married women such that the percentage of all married persons among those who are out of work dropped from 50 percent in the mid 1950s to 34 percent today. *The stubbornly high jobless rate during the Great Recession is due in part to a long-term trend in the composition of the unemployed wherein proportionately more today are not married as compared to 55 years ago.*

Labor force participation has been falling for all men, from 86 percent in the late 1940s to 70 percent today. Today barely more than one of two men in the labor force is married. In the mid 1970s it was two of three. Even so, older men are more active in the labor force today than in the recent past. For men 65 years of age and older labor force participation, after falling from 47 percent in the late 1940s to a low of 16 percent in the early 1990s, has been rising ever since including the Great Recession years. Among men 75 years and older participation at 10 percent today is higher than at any other time since 1977. At the same time labor force participation has been rising for women, from 33 percent to 58 percent. Participation never has been as high for women 65 and older as for men. Even so, it has been higher in the last 8 years than ever before. Today approximately 1 of every 7 older women are working or looking for work. *These data on older men and women suggest that growing numbers are finding it necessary to work in their golden years in order to support themselves as they live longer on retirement income that does not keep pace with consumer prices.*

What does this tell us about the stimulus package and the 8 percent target rate? Did it work for married men and women? Was it instead the Federal Reserve's quantitative easing that held their unemployment in check? Did extended unemployment insurance benefits push up the rate of unemployment and therefore work at cross purposes with fiscal and monetary policy? Did married men and women by virtue of their strong work ethic keep the overall rate lower than it otherwise would have been?

We may never know the answer to those questions given the political spin put on virtually every new economic statistic with the 2012 elections hanging in the balance. What we can say with confidence is that even though the U.S. labor market today is vastly different than it was 50 years ago when marriage and family values were much different, and forecasting next year's jobless rate remains a guessing game, *marriage matters.*

*Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute
Offices in New Orleans, Lake Charles, and West Monroe
www.mayoresearch.org 318-381-4002 edoboyle@earthlink.net*
