PERSONALLY SPEAKING

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IT'S UGLY BUT NOT CATASTROPHIC

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The loss of 533,000 payroll jobs in November, as reported by the Bureau of Labor Statistics, is a clear indicator that conditions in the labor market continue to deteriorate as the U.S. economy slides deeper into a recession which only a few days ago the National Bureau of Economic Research identified as having started in late 2007. The rise in the jobless rate from 6.5 percent in October to 6.7 percent in November, putting it higher than at any time in the last 15 years, is further evidence of a weakened economy. We can reasonably describe current economic conditions as ugly. However, we ought not engage in such doomsday language as catastrophic, horrific, ruinous, devastating which only gets in the way of addressing the problem.

Further, we don't need the over-reaction of commentators hyper-ventilating on the cable business news channels. We don't need the under-reaction of others arguing to let the weak die and the strong survive. We need level-headed thinking and a clear understanding of what's happening in the labor market and the economy. For openers, what we need is historical context and data unraveling. It's ugly but it's not the end of the world.

It is true that the 533,000 loss of jobs reported for November is the worst since December 1974 when payroll jobs declined by 602,000. However, there were 78.4 million nonfarm payroll jobs in 1974. Today there are about 136.2 million payroll jobs. The monthly job loss in 1974 involved roughly 0.008 percent of total payroll employment. The loss today was 0.004 percent of total employment.

The rise in the jobless rate to 6.7 percent is ugly, but it was higher than that in every month between April 1980 and December 1986. And it certainly does not even approach the double-digit rates reached in every month between September 1982 and the following June.

Consider the following:

►Of the 144.3 millions persons employed in November, 2.2 million came from the pool of the unemployed in October and another 3.4 million from the ranks of persons not in the labor force. That means that 5.6 million had jobs in November who were not working in October. Among the 76.7 million men employed in November, 2.8 million were not employed in October.

►The decline in the number of employed married women since November 2007 is so small (-32,000) it isn't even statistically significant.

►An estimated 485,000 additional women 55 years of age and over were employed in November 2008 than one year earlier.

►**Over the same one-year period, 395,000 more men 55 and older were counted among the employed.**

►**Among the 10.3 million unemployed in November, there were 935,000 persons who quit their jobs and 1.4 million on temporary layoff.**

►**The 6.7 percent overall unemployment rate for November reflects a much higher rate for teenagers (20.4 percent) who make up roughly 4 percent of the entire U.S. labor force. The jobless rate for all women 20 years of age and over was 5.5 percent in November. For adult men it was 6.5 percent.**

Further unpacking the employment and unemployment figures no doubt would reveal other developments that are counter-intuitive. For that reason, we should not lose our heads and turn to language that doesn't fit the facts. The U.S. economy is in trouble, conditions in the labor market are ugly, but they are a long way from catastrophic.

For several months we have seen what fear can do on Wall Street. To keep that fear from taking control of Main Street, we need courage, the kind of courage that Americans demonstrated in the face of the staggering challenges of that "day of infamy" in December 1941. We didn't panic then and we needn't panic now. Cooler-heads will come forward and show us how to do this.

In the months ahead, workers may have to take a cut in pay, hours, or both. Others may see their paycheck replaced by unemployment insurance benefits. Some of the jobless may have to uproot their families and re-locate to another city or state. Investors may have to settle for a smaller or no dividend distribution and a loss on their equity holdings. Suppliers may have to cut prices to keep their business customers. Owners may have to take lower profits in order to survive the downturn.

Whatever remedies finally are put in place will require many Americans to make do with less. Fixing ugly isn't easy. Even so, if we keep our heads together, ratchet down the shouting and finger pointing, we may learn enough from this experience to be able to keep it from happening again.

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