



Written by [Bob Adelman](#) on November 8, 2010

Behind the Numbers: October Employment Report

Even though 151,000 new real jobs were added in October, according to the Bureau of Labor Statistics, the unemployment rate stayed at 9.6 percent. This announcement not only successfully masked the fact that fewer people were looking for work, which made the rate look better, but also that more people are staying unemployed longer.



As the BLS report put it,

About 2.6 million persons were marginally attached to the labor force in October, up from 2.4 million a year earlier. These individuals are not in the labor force, [but they] wanted and were available for work, and had looked for a job sometime in the prior 12 months.

They were not counted as unemployed.

The *New York Times* [reviewed the report](#) and repeated President Obama's comment that the numbers were "good, but not good enough." The *Times* opined that even if the economy were strong enough to hire all those actively looking for work, it would take years to put the nearly 15 million unemployed back to work. In noting that with possibly a more fiscally conservative Congress taking over in January, unemployment benefits for the "99-ers" (those out of work and drawing unemployment compensation from the government) may end, affecting some two million people.

USA Today [noted that](#) the BLS also revised upward its estimates of job losses in August and September, reporting that 250,000 fewer jobs were lost than initially reported. Of those 15 million still out of work, more than six million of those have been unemployed for more than six months.

A Gallup [poll](#) confirmed separately that "the jobs situation appears to have shown substantial improvement in late October," which might show up as a slight decrease in the unemployment rate for November. Those gains could be illusory, however, as that "substantial improvement" was driven primarily by those between age 18 and 29 — reflecting temporary hiring for the upcoming holiday season. In fact, Gallup noted that retailers are expecting a flat sales period and so have started their end of year marketing efforts earlier than ever.

Analyzing the unemployment data, [Wells Fargo](#) said, "We have been making the case for a slow recovery with no double-dip recession. Indicators this week support that view." However, looking deeper into their report it is clear that many of those indicators point to increases in exports — jumping a full six percentage points and tying the largest monthly increase on record. Such export gains are being driven by a weaker dollar which temporarily makes American goods more attractive to foreign buyers. In an unnerving footnote, Wells Fargo also noted a very substantial increase in the "prices paid" component of their index, reflecting price inflation now reaching the consumer level.

Consumers continue to be unimpressed with such numbers as shown by the Michigan Consumer



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Sentiment, which slid in October to the lowest level since last November and far below the average for the five years before the Great Recession began. [Rasmussen](#) reflected that sentiment, with its Consumer Index falling to 84.6, “lower today than ... in the aftermath of the 9-11 terrorist attacks.”

The impact of the recession on long-term unemployment was [analyzed](#) by the *Brookings Institute* in its Hamilton Project — an effort to determine how long it would take for the economy to get back to the employment levels enjoyed before the recession. *Brookings* estimates that the economy would have to create between 125,000 and 150,000 new jobs every month just to absorb those entering the workforce for the first time.

If the economy adds about 208,000 jobs per month, [which was] the average monthly rate for the best year of job creation in the 2000s, then it will take 142 months, or about 12 years, to close the gap....

We are experiencing an unusual recovery on many fronts — including the historic rise in the long-term unemployed. This should be a serious issue of concern for policymakers.

One of those who perfectly illustrates the long-term unemployment problem is Annette Tornberg, age 50, from Sacramento, California. She lost her job in 2009 and, even after sending out more than a thousand résumés, still can't find work. Her plea to the government for more assistance reflects that of many out of work: "I hope that Congress can become human and forget about being Democrats or Republicans and just be human beings to see what it's like for us. We're human beings, and all we want is for you to help us out."

As policymakers head back to Washington next week for the lame-duck session, and then into the new year as members of the 112th Congress, it is instructive to answer Tornberg's request for help with a question of their own: At whose expense?

An even better question for policymakers to ask would be: What can be done to get government out of the way so that the economy can grow again and begin to hire people like Tornberg to do real work in the real economy?



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