



Hidden unemployment

What the official jobs report doesn't tell you

By Gergana Koleva
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NEW YORK— Last month's jobs report leaves little doubt that the country is in a deep downturn, although you can't easily tell it by the official numbers.

At 5.1%, the current unemployment rate is relatively low by historical standards. But the percentage of jobless Americans of prime working age — 13.1% for men 25 to 54 years old — is historically high. Most of them do not qualify as unemployed, but they are nonetheless out of work.

This discrepancy exists because the government's definition of the unemployed includes only people who do not have a job, have actively looked for work in the four weeks preceding the survey and are currently available for work. The headline number is based on a survey of 60,000 households and is the most widely reported number in the jobs report.

But it excludes the self-employed, those working part-time or on commission only, and the underemployed (example: mortgage brokers toiling at Starbucks for several hours a week). It also doesn't count those who have given up looking for work altogether -- a category known as "discouraged workers" -- and who are defined as persons not currently looking for work specifically because they believe there aren't any jobs available for them.

Some analysts say it is this particular group of jobless Americans -- who believe their prospects for finding a job are getting ever dimmer, yet who don't figure in the computation of the unemployment rate -- that represents the nation's dire job situation. Many may have become discouraged quicker simply because they don't see the full unemployment picture.

"The way it hurts people is they think the situation is just bad, but don't actually realize how bad it is," says Cynthia Shapiro, a career coach and author of the book "What Does Somebody Have to Do to Get a Job Around Here." She says she's been getting calls from people all across the U.S. feeling that they are the only ones struggling, not talented or not qualified enough to land a new job.

"If they knew the actual unemployment numbers, they might say, 'Oh, so it isn't just me -- everybody's struggling.' In my estimation, you can double the reported unemployment rate to approximate the real unemployment rate."

Passed over again and again

One possible explanation for the low unemployment rate as officially reported is that there's a rise in the number of people who aren't working but aren't actively looking, yet who would indeed like to find a good job.

"It's much tougher to find a good match when there aren't that many job openings right now," said Jared Bernstein, a senior economist at the Economic Policy Institute. "You can have a great résumé and be a

highly productive person and not be able to find a job. That's the nature of a recession."

Unfortunately, many discouraged workers may also be dealing with the self-perpetuating effect of unemployment. For those unlucky enough to have lost their jobs to cut-rate wages overseas or to technology, it may take even longer to find a new career.

"Psychologically, the longer you've been unemployed, the longer it looks like people have been passing you over," says Shapiro. "Hiring managers prefer to hire people that already have a job. You don't want to land with a large group of unemployed."

And if you do? Kevin Nussbaum, president of CBIZ Human Capital Services, a consulting firm, says most job seekers actively look for career opportunities comparable to their work experience only in the first six months after losing their job. "After that window, if they're still without a job, they start looking to trade down on their skill set."