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Economic Scene

Part-Time Workers Mask Unemployment Woes

By DAVID LEONHARDT

In California and a handful of other states, one out of every five people who would like to be working full time is not now doing so.

It is a startling sign of the pain that the Great Recession is inflicting, and it is largely missed by the official, oft-repeated statistics on unemployment. The national unemployment rate has risen to 9.5 percent, the highest level in more than a quarter-century. Yet it still excludes all those who have given up looking for a job and those part-time workers who want to be working full time.

Include them — as the Labor Department does when calculating its broadest measure of the job market — and the rate reached 23.5 percent in Oregon this spring, according to a New York Times analysis of state-by-state data. It was 21.5 percent in both Michigan and Rhode Island and 20.3 percent in California. In Tennessee, Nevada and several other states that have relied heavily on manufacturing or housing, the rate was just under 20 percent this spring and may have since surpassed it.

Almost nobody believes that unemployment has finished rising, either. On Tuesday, President Obama said he expected it to "tick up for several months."

It's fair to say, then, that the downturn is moving into a new stage. It has already been through three: the prologue, when credit markets began to quiver in 2007; the big shock, when the collapse of Lehman Brothers, in September 2008, led into almost six months of terrible economic news; and the stabilization, when the news became more mixed.

Now comes Stage 4: the slog.

"It's not going to be an overnight turnaround," as Bernard Smith, an unemployed engineer in Greenville, S.C. (a state where the broader jobless rate was 20.5 percent this spring), who has been looking for work since May, told me. "It's going to take time."

Various indicators suggest the nation's economic output could start growing again this summer, which would mean the end of the recession. But the economy will still be weighed down by troubled credit markets and huge household debts. So it may be awhile before growth is fast enough to persuade companies to hire large numbers of workers.

This would make for an odd contrast, in which the economy was getting better but feeling worse. These broad measures of unemployment and underemployment could approach a hard-to-fathom 25 percent in California, up from 12 percent a year ago. In several other states, including Florida, North Carolina and Washington, the rate could yet reach 20 percent — and, unfortunately, the stimulus bill does not do a good enough job of targeting the hardest-hit states.

After a decade in which household income barely outpaced inflation, a slow recovery could leave many people hard-pressed and frustrated. In just the last week, the Labor Department reported that the number of people filing new claims for jobless benefits dropped — but so did consumer confidence and Mr. Obama's approval rating. Welcome to the slog.

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A jobless rate of 20 percent is clearly a bit shocking. It sounds like something out of the Great Depression, and as bad as this recession is, it's no Great Depression. So what's going on?

For starters, this rate does include part-time workers who want to be full time. Such people are not quite unemployed or fully employed.

On average, they are working three days a week, and many are struggling to get by. Richard Smith (not related to Bernard) and his wife, Lynn, for example, moved from Michigan to Charlotte, N.C., last summer, after he had been laid off from white-collar jobs by both Ford and General Motors in the last five years. But after talking with 35 headhunters and sending out hundreds of applications, Mr. Smith, who's 58, still hasn't found full-time work.

Instead, he works a few days a week at a golf shop, repairing clubs and making $9.50 an hour. The money has helped the Smiths buy a bargain-basement foreclosed house. “You get depressed, obviously,” he said. “But that never changes my attitude about my capability.”

Part-time workers like Mr. Smith make up about one-third of those counted in the broader rates, which leaves roughly 13 percent of the work force in states like Oregon and Michigan who are completely out of work.

And even that is probably an understatement, because it includes only people who have looked for work at some point in the last year. (To be counted in the official jobless rate, someone must have looked in the last four weeks.) Anyone who has spent time in old industrial areas knows that plenty of former factory workers would like a decent-paying job but haven’t looked for one in more than a year.

When I saw these statistics last week, my first reaction was to wonder why there weren’t more tangible signs of joblessness. Many communities are pockmarked with foreclosure signs and postponed construction projects. But unless you go looking for the unemployed, they are mostly invisible.

As Susan Rose — a lawyer at a nonprofit group in South Carolina who represented the unemployed until she herself was recently laid off — said, “It’s almost as if unemployed people are a forgotten, silent crowd.”

The stimulus bill is helping somewhat. It has extended jobless benefits and prevented layoffs by state and local governments. A lot more stimulus is on the way, too. So far, about $90 billion has gone out the door, according to Moody’s Economy.com. From now until the end of 2010, an additional $25 billion or so will be spent every month.

But the stimulus isn’t helping as much as it could, because too much of the money is going to states that need it the least. In most of the Great Plains and Mountain West, the broad jobless rate was still below 12 percent this spring. In North Dakota, it was 7.8 percent. Yet these are some of the places receiving a disproportionate share of stimulus, as recent articles by The Associated Press and The Times have shown. It’s a classic case of politics trumping economics.

Barring an unexpected bit of bad news — something that turns the slog into a relapse — Congress and the White House are not likely to pursue another stimulus bill until September. By then, more of the money from the last stimulus will have been spent, and the economy's condition will be clearer.

If lawmakers do decide more is needed, they would do well to remember that this is not an equal opportunity recession. By September, one out of every four Californians — and Oregonians and South Carolinians and Michiganders — who would like to have a full-time job might not have one.

Who ever thought we would be saying such a thing?

Victoria Cherrie contributed reporting.

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