

DROPPING UNEMPLOYMENT RATE DOES NOT MEAN RISING EMPLOYMENT



There are two surveys conducted each month by the Bureau of Labor Statistics, one that measures households and one that measures companies. The household survey is known as the Current Population Survey, or the CPS, and the business survey is known as the Current Employment Statistics Survey, or the CES. These two surveys allow Americans to get a better picture of the country's economic standing and employment standing, according to MinnPost.com. The household survey is responsible for acquiring data about people who reported working for pay. This survey does not differentiate between employees on a company payroll and workers who are self-employed. For example, employees on a company payroll could be diminishing while self-employment could be increasing. The other survey, the business survey, takes too long to grab a hold of new companies. For instance, the companies in the survey might not include brand new businesses that employ workers on their payrolls. Companies are replaced in the survey often in an effort to fix this problem. The pool of potential workers in the United States includes anyone aged 16 years old and not in a nursing home, in prison, or on active duty in the country's armed forces. This is referred to as the working-age population of the country. The working-age population is broken into two groups; people not in the workforce and people in the workforce. Those people not in the workforce include those who are retired and those who are not seeking full-time employment. Then the people in the workforce are divided into employed and unemployed. Unemployed is defined by the country as those who do not have a job, who are available for work right now, and who have actively searched for a new job within the previous four weeks. Economists have added something to the equation, discouraged workers. Discouraged workers are those who have been without a job for quite some time and have stopped searching for a new job. Discouraged workers are not considered members of the workforce. This causes the unemployment number and the labor force number to decrease, which means the number of unemployed people in the country is smaller than the number of the workforce. The Bureau of Labor Statistics has created a different way to measure the unemployment rate in the country, which is referred to as the U-6. The U-6 is the figure that includes the discouraged workers of the job force. The unemployment rate for the U-6 category was at 15.6 percent in November, which is much higher than the unemployment rate of 8.6 percent. This rate includes almost 11 million people not included in the regular unemployment rate, which is a staggering number. So, next time you hear seemingly good news about the unemployment rate declining, be sure you know all of the facts first.