

**The
BLACK
C o m m e n t a t o r**
Commentary, analysis and investigations
on issues affecting African Americans
www.blackcommentator.com

June 11, 2009 - Issue 328

[Contents of Issue](#)

[Click here](#)

[Home](#)

**New Jobless Stats: Still "Less Terrible"? Not for Some
Left Margin**

By Carl Bloice

BlackCommentator.com Editorial Board

Click on the back button of your browser to return to non printer friendly page of this article

[Click here](#) to get helpful hints for viewing and printing this printer friendly plain text page

The Lex Column in the *Financial Times* got it right: "... 'less down' is now the new 'up' as media watchers search for stabilization in the overall market." The writer was referring to the world of advertising where some analysts were putting a hopeful spin on revenue that fell 18 percent over the first three months of the year – the eighth quarter in a row to record a drop. But, the same might be said for the buzzwords describing the latest unemployment statistics. "Still terrible, undoubtedly, but a bit less terrible," said Ian Shepherdson, chief U.S. economist for the *High Frequency Economics*.

I know. I made the same observation when the April jobless stats were released. But still, this verbal sleight of hand fascinates me, especially when some figures are highlighted while others are deemphasized or ignored.

Last Saturday, AARP sent out an email that looked at first like green shoots in the economic wind until, you got to this line: "The employment picture may be opening up ever so slightly. Economists say employers are likely to begin hiring cautiously in the first half of next year, though the unemployment rate could still continue to climb."

Last Friday it was reported that there had been a slight drop in the number of people receiving unemployment insurance payments and a decrease in the number of new claims. "This report provides a glimmer of good news for job seekers, though both declines were small and the figure remains significantly above the levels associated with a healthy economy," said the Associated Press. Meanwhile, Shepherdson told the *New York Times*, "These are still terrible numbers. We're a million miles away from a

recovery.”

Over the course of last month the average work week declined to its lowest point since 1960s and the numbers of people out of work for over six months rose to 3.9 million.

Mark Lieberman, senior economist at FOXBusiness last week pointed out that the jobless rate for college graduates is soaring and “(T)he gap between the number of people unemployed and those collecting unemployment insurance widened to more than 5,000,000.”

Unemployment rose over the first quarter of this year. A total of 345,000 jobs were lost but that was noted as a “much smaller-than-expected reduction.” The analysts’ forecast for the May jobless rate had been 9.2 percent. It turned out to be 9.4 percent, the highest in over two decades (14.5 million people). Inexorably, the level continues to rise toward that dreaded one out-of every ten people looking for work being unable to find any. And, as is usually the case, the figures are racially skewed.

The jobless rate for African Americans has stayed pretty much the same since the beginning of the year: 9.7 percent in May 2008, 15.0 percent in April 2009 and 14.9 percent this May. (Although the number of black people actually working - the employment-to-population ratio - decreased).

The jobless rate for Latinos went from 7.0 percent in May 2008, to 11.3 percent in May 2009, to 12.7 percent last month. Meanwhile, the seasonally adjusted rate for young black people (16 -19 years) went from 32.3 in May 2008, to 34.7 in April 2009, to 39.4 percent this May - the highest level so far this century.

The overall rate for teenagers stabilized at 22.7 percent

Things may be a little less terrible - unless you are Latino or a young African American woman or man new to the job market.

Or, somehow related to a car dealer.

A cloud hanging over the employment picture, one that could throw cold water on any optimism is the situation in the auto industry. Only when the jobless figures for June are tabulated will we get a look at the impact of the crisis there. General Motors is slated to shut down 14 plants in the U.S. As matters stand, Chrysler and General Motors plan to shutter 25 facilities - 14 for GM and, eight for Chrysler.

The Center for Automotive Research estimated that as a result of the bankruptcies at General Motors and Chrysler, 63,000 jobs will be lost with another 179,000 to disappear next year. That’s if all goes relatively well. Last month, the center released a new study that says auto industry related job loss could be as much as 1.3 million jobs in the first year if the bankruptcy reorganization plans don’t come off as well as anticipated.

It is estimated that the auto industry has lost about half of its jobs over the past decade. As could be expected, the layoffs have hit plant workers in African American communities especially hard. However, there is another group that stands to lose out big time: African America, Latino and others in the auto retailing business. These are

entrepreneurs who can legitimately be called "middle class" and their numbers are not large in comparison with assembly line and office workers. Still, the "ripple effect" will be large.

On May 24, the *Wall Street Journal* reported that "Minority car dealers are expected to be hit hard as General Motors Corp. and Chrysler LLC trim their retail networks, undoing years of work by the auto makers to bring more African-Americans, Hispanics and others into the car business.

"Chrysler on Thursday said it would drop 789 of its 3,200 dealers as part of its bankruptcy restructuring. GM plans to eliminate 2,600 of its more than 6,000 dealers as it reorganizes.

"The National Association of Minority Automobile Dealers estimates that 140 of Chrysler's 170 to 175 minority-owned franchises could be closed, and at least 174 of GM's 300 minority-owned dealers could shut their doors."

The reasons minority car dealers will be hit so hard are numerous: many are located in metropolitan centers, are smaller and pay rent on their showrooms and a large proportion of them deal in models that are slated to be phased out - Pontiacs, Saturns, Saabs and Hummers.

The minority car dealers are appealing - along with others - to the government for assistance but if things go down like it appears they will, a lot of African American and Latino teenagers who might otherwise been able to afford college will find it difficult, a gloom will be felt in Sag Harbor before Labor Day and it will be tough on a lot of hair salons, repair shops and travel agencies.

"Overall, the jobs picture is mixed at best," David Rosnick, an economist at the Center for Economic and Policy Research, observed last week. "Though employment losses have slowed in May, this may reflect that many sectors including construction, manufacturing and employment services have already lost large numbers of jobs over this recession and, therefore, have fewer jobs to lose. Unemployment continues to rise and workers' purchasing power is not growing. Continuing deterioration in the housing market and planned layoffs in the automobile sector indicate that the current high rate of job loss may yet continue through the summer."

Last week, Austan Goolsbee, a senior economic adviser to President Obama, put a somewhat different perspective on the May unemployment figures. In a June 5 interview with the *Financial Times*, he said, "If you lose 300-plus thousand jobs, that's bad. There's no sense in which that's good. It's just better than it's been for several months. Everybody ought to take stock of that."

Meanwhile, evidence mounts that while the Obama Administration's economic stimulus package may have help to slow the pace of jobs loss, its goal of saving or creating three and a half million jobs is not in sight. The severity of the new jobless number was not lost on the White House. This week, President Obama pledged to speed up the dispersal of stimulus funds already sanctioned. However, it can't happen too soon and it doesn't appear to be enough. Thus there is an imperative need to look at the situation again and heed the calls for a new even larger effort to put money in the hands of people who will spend on goods and services others can work to provide.


Unless and until that happens, the monthly jobless figures will continue to be terrible even when they are less terrible than before. The sightings of "green shoots" will be of little comfort to the millions out of work and remaining out of work for longer periods, or not being able to enter the job market. Especially for African Americans and Latinos – especially the kids.


[Click here to comment on any article in this issue or see what others are saying in the](#)
The BlackCommentator Readers' Corner Blog

BlackCommentator.com Editorial Board member Carl Bloice is a writer in San Francisco, a member of the [National Coordinating Committee of the Committees of Correspondence for Democracy and Socialism](#) and formerly worked for a healthcare union. Click [here](#) to contact Mr. Bloice.

[Contents of Issue](#)
[Click here](#)

[Home](#)

Click Here To
CONTRIBUTE TO  NOW

Click Here To
CONTACT 

Your comments are always welcome.

e-Mail re-print notice

If you send us an e-Mail message we may publish all or part of it, unless you tell us it is not for publication. You may also request that we withhold your name.

Thank you very much for your readership.

Website Design and Hosting provided by



Copyright © 2002-2009
www.BlackCommentator.com
All Rights Reserved