



## More job seekers give up, reducing unemployment

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WASHINGTON — Where did all the workers go?

The labor force — those who have a job or are looking for one — is getting smaller, even though the economy is growing and steadily adding jobs. That trend defies the rules of a normal economic recovery.

Nobody is sure why it's happening. Economists think some of the missing workers have retired, have entered college or are getting by on government disability checks. Others have probably just given up looking for work.

"A small work force means millions of discouraged workers, lower output in the future and a weak recovery," says Rep. Kevin Brady of Texas, the ranking Republican on the Congress' Joint Economic Committee. "Those are unhealthy signs."

By the government's definition, if you quit looking, you're no longer counted as unemployed. And you're no longer part of the labor force.

Since November, the number of Americans counted as employed has grown by 765,000, to just shy of 139 million. The nation has been creating jobs every month as the economy recovers. The economy added 244,000 jobs in April.

But the number of Americans counted as unemployed has shrunk by much more — almost 1.3 million — during this time. That means the labor force has dropped by 529,000 workers.

The percentage of adults in the labor force is a figure that economists call the participation rate. It is 64.2 percent, the smallest since 1984. And that's become a mystery to economists. Normally after a recession, an improving economy lures job seekers back into the labor market. This time, many are staying on the sidelines.

Their decision not to seek work means the drop in unemployment from 9.8 percent in November to 9 percent in April isn't as good as it looks.

If the 529,000 missing workers had been out scavenging for a job without success, the unemployment rate would have been 9.3 percent in April, not the reported rate of 9 percent. And

if the participation rate were as high as it was when the recession began, 66 percent, in December 2007, the unemployment rate could have been as high as 11.5 percent.

A majority of the 42 economists in the latest Associated Press quarterly economic survey said they expect the labor force participation rate to start growing consistently before the year ends. Twelve don't expect it to happen until next year at the earliest. Five think it never will.

It's certainly not happening yet. The labor force grew by just 15,000 in April from March — not even enough to keep up with population growth.

Economists say many would-be job seekers remain daunted by the odds against finding work: There were 4.3 unemployed people for each job opening in March, more than double the ratio before the recession. And job vacancies are running 35 percent below the pre-recession peak.

"I basically have stopped looking for work because there is just nothing out there," says Kim Rinde of Minneapolis, who was laid off in December 2008 from a customer service job at a company that makes cleaning equipment.

Longer-term trends are working to keep the participation rate down. The Congressional Budget Office expects the participation rate to fall steadily to 63 percent by 2021 as baby boomers retire.

The share of men 20 and older in the labor force peaked long ago, at 89 percent in 1952. It's been falling ever since and is now under 74 percent.

John Bound, a University of Michigan economist, suspects the long-term decline in men's participation is due partly to a drop in job opportunities for workers with few skills. Manufacturing jobs once offered good wages for workers without college degrees. But the number of factory jobs has dropped 40 percent since peaking in 1979.

Some who have left the job market are getting by on government checks, particularly Social Security's program for the disabled. More than 8.3 million Americans were on Social Security disability last month, up 1.2 million, or 17 percent, from the end of 2007.

The recipients include people who lost jobs that had allowed them to work despite disabilities and who can't find new employers to accommodate them.

The share of women working or looking for work, after expanding from the early 1950s through the mid '90s, has plateaued at about 60 percent, where it was in April. The CBO notes that more women with high-income husbands and those with young children have been staying out of the job market.

Teenagers have been leaving, too. Their participation rate dropped from a peak of 59.3 percent in 1978 to a record low of 33.5 percent in February. (It ticked up to 33.7 percent in April.) More young people are choosing college or vocational school over work. One reason is that fewer good-paying jobs are available to teenagers right out of high school.

"There was no way I was going straight to work" after high school, says Zachary Simmons, 19, who's studying computers at Surry Community College in North Carolina. "I have to get a degree. That's what gets you in the door for an interview."