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THE HUMAN COST OF CARTER'S ECONOMIC POLICY

Carter's economic policies eliminated over a half million jobs from the economy in April and May. These losses mark the beginning of the first recession of the 1980s and many more jobs will be lost as the downturn worsens. Unfortunately, official statistics seriously understate the extent of unemployment which develops in the course of a recession, which might lead one to underestimate the tremendous human costs of the policies Carter has pursued.

Public attention tends to focus on the official unemployment rate as a measure of a recession's cost. This single measure is severely flawed for two reasons. First, recessions leave more people out of work than the official unemployment rate indicates. Second, the rate is an average and seriously understates the effect of unemployment of certain groups, especially minorities, young, and old workers.

The Unemployment Rate

The official unemployment rate understates the cost of recession because you have to be unemployed and actually looking for work to be counted in the statistic. Two important groups excluded by this definition are people who only have part-time work but would like to be working full-time, and people who would like to be working but have quit looking because they do not think they can find a job. In spring of 1975, the worst quarter of the last recession, the official unemployment rate stood at 8.8% -- the highest it had been since the 1930s. If we add in the two groups mentioned above, the rate would climb to 15.7% (counting the part-time workers as half-employed). In other words, the official unemployment rate understated by nearly half the number of workers affected by the last recession. Nearly 14 out of every 100 people who wanted work could not find it, and four people out of every 100 who needed full-time work were only able to work part-time.

Unemployment and underemployment caused by recessions bring with them tremendous personal strains, both financial and psychological. In our society, in which people's worth tends to be judged in terms of the work they do, being without work can have a crippling effect even beyond the financial disruption it triggers.

Who is Hurt Most?

Unfortunately, burdens of recession are far from evenly shared. Certain businesses are more sensitive to economic downturns than others. Workers in the construction industry and in manufacturing lose their jobs more frequently than workers in wholesale and retail trade, the service industries, or government.

Worse still, recessions hurt certain kinds of workers much more than others. During the 1974-75 downturn, a black worker was more than three times as likely to lose his or her job than a white worker. This statistic reflects past and present discrimination against black workers, which has tended to put blacks in low seniority positions within the firms where they work. In these positions they tend to be the first fired as the firm's production is cut. It also reflects the fact that black workers tend to work in smaller, weaker firms which are more sensitive to the pressures in a recessionary economy. At the bottom of the last recession, the official unemployment rate for blacks stood at 15.5%, while the corrected rate would have been more than 25%. More than one in four black workers who needed to work did not have a job, or had only a part-time job when they needed to work full-time.

Other workers who tend to be in a marginal position in the labor force also fare worse than average in a recession. In the last recession, workers over 55 were more than three times as likely to lose jobs than workers under 55. Workers in the 16 to 21 age bracket were twice as likely to lose jobs than workers over 21. The official unemployment rate for teenagers between 16 and 19 rose to 23.6% in the last recession, which corresponded to a corrected rate of 40.5%.

Carter's Policy

The executive council of the AFL-CIO rejected recessionary economic policy as a solution to the inflation our nation faces today. In spite of that recommendation, Carter and his advisors--hoping to reduce inflation by a few percentage points--made the decision to throw hundreds of thousands of people out of work. That is what tight monetary policy has meant and will mean in the months ahead. This policy should never have been pursued, given its cost to the people losing their jobs.

Carter may worsen the situation with his support for a balanced budget. His administration threatens cuts in CETA and other programs precisely when the services they provide are needed most. These programs should be expanded, not cut. This administration has a clear duty to defend the social services needed by the people it has thrown out of work.

- Todd Easton