

Federal Reserve data shows over 100 million in US out of labor force

Jacob Crosse
21 October 2020

Data released by the US Federal Reserve earlier this month reveals that nearly 39 percent of the US labor force, nearly 101 million people, are not working, a jump of nearly 6 million from February 2020.

This is near the highest total ever recorded by the Fed, which was in April of this year when it found that over 103 million were out of the labor force, compared to 95 million in February 2020. Despite lifesaving lockdown measures being quickly abandoned at the insistence of the financial oligarchy in April and May, the number has continued to hover above 100 million, only briefly dipping below that mark in August, before increasing again in September.

This staggering total gives some indication of the real level of joblessness and all the hardship and misery that entails for millions of people and their families. The Fed classifies the “US labor force” as every US citizen 16 or over who is not incarcerated, in the US military, or in nursing or residential care homes. This means retirees are still considered part of the labor force.

According to 2019 US census data, there are roughly 328,500,000 people in the US. Of those, roughly 260 million are over the age of 16 and 16.5 percent, or some 54 million, are over the age of 65. Capitalism demands constant exploitation of workers, regardless of age, and census data show that nearly 25 percent of those over age 65 are still working.

Overall, about 160 million people in the US were considered employed at the end of February 2020. The Bureau of Labor Statistics (BLS) measured the Labor Force Participation Rate at 63.4 percent at that time. However, by April 2020 it had dipped to 60.2 percent and had leveled off at 61.4 percent as of September 2020.

The Fed considers the over 100 million people not in the labor force, a huge swath of the population, as

“neither employed or unemployed.” Most are not included in the official BLS unemployment statistics because they are not “currently” looking for work, creating a statistical blind spot that conceals rather than reveals the true state of employment in the US.

The official unemployment rate stands at 7.9 percent in the US as of September, down from 14.7 percent in April. However, as the Fed data shows, this is not a true representation of how many people are not working. If only about 8 percent of the country did not have a job, then there should only be roughly 20.8 million people out of work, instead of 101 million. Further BLS reporting shows, over 25 million people in the US are collecting some form of government assistance, whether through federal pandemic unemployment assistance or state unemployment benefits.

There are several reasons which help explain why so many are considered to be “not looking for work” but still in need of a job.

Not counting 40 million retirees and pensioners, there are many reasons why workers would not be “looking” for a job, but still in desperate straits, the main reason being they are watching out for their personal safety. As the US enters the “third wave” of the coronavirus pandemic, which has already claimed 227,000 lives in the US alone, thousands of workers have no confidence that their workplace will implement safety measures needed in order to prevent the spread of the virus.

Over 21 state,s including Wisconsin, North and South Dakota, Kentucky, Tennessee, Utah, Idaho, and Iowa, are seeing 25 or more new daily cases per 100,000 thousand people, an indication of unchecked community spread.

As millions continue to adhere to social distancing guidelines and shelter at home when possible, some small businesses, particularly restaurants and bars are

reducing or furloughing staff, if not shutting down entirely.

Millions of workers have been put on extended leaves of absences which, while not affecting the unemployment rate, would increase the number “not in the labor force” since they might not be looking for work as they expect to be called back in the future.

Another reason for the drastic increase in the number of workers not in the labor force is that thousands of workers, fearful of being laid off, have been coerced into accepting early retirement packages. Several large companies that received billions in government relief through the CARES Act, such as major US airlines Delta, United and Southwest, with the assistance of the trade unions, have forced early retirements on thousands of workers.

Despite the harrowing economic and social reality facing millions of workers and their families, an indifferent ruling class has let yet another coronavirus relief bill “deadline” pass with no agreement in place. House Speaker Nancy Pelosi had imposed a “48 hour” deadline on Sunday, stating that unless a deal was reached between her and Treasury Secretary Steven Mnuchin by 3 p.m. on Tuesday, no deal would be forthcoming until after the election. After the deadline passed, Pelosi and Mnuchin announced, after a reported 48-minute phone call, that they would continue to negotiate, with another session scheduled for Thursday.

Representatives from both political parties have endlessly talked and dithered about “getting a deal done” in the 11 weeks since the \$600 supplemental federal unemployment benefit expired, while millions slid into poverty, destitution and hunger. As part of the political theater, Pelosi and senior White House economic adviser Larry Kudlow have continued to claim “progress” whenever a temporary boost to the Dow Jones industrial average is needed.

On Tuesday, Senate Majority Leader Mitch McConnell poured water on the prospects of a deal, advising President Donald Trump and fellow Senate Republicans not to agree to anything with Pelosi ahead of the election. McConnell cited the impending Senate confirmation of Amy Coney Barrett to the Supreme Court next week as a reason why a deal could not be done, insisting the Senate should be focused on ensuring the Supreme Court would be in a position to facilitate Trump’s announced plans to override his

likely defeat at the polls.

Wednesday saw more of the same, with prospects for a deal before the election dimming by the day. In the Senate, Democrats blocked a \$500 billion Republican stimulus package, which was devoid of local and state aid as well as \$1,200 stimulus checks. In the evening Trump tweeted that he did not “...see any way Nancy Pelosi and Cryin’ Chuck Schumer will be willing to do what is right for our great American workers, or our wonderful USA itself, on Stimulus. Their primary focus is BAILING OUT poorly run (and high crime) Democrat cities and states...Should take care of our people. It wasn’t their fault that the Plague came in from China.”



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact