

# Numbers Crunching Working People

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*Striking United Auto Workers Union (UAW) members and supporters picket the General Motors Detroit-Hamtramck Assembly Plant, Sept. 25, 2019, in Detroit. (Jim West/ZUMA Wire)*

Though a recent poll suggests the [majority](#) of Americans disapprove of President Trump's "overall performance," they support his "handling of the economy" more than other issues surveyed.

"The prosperity cycle we have entered into is continuing, it is strong," White House National Economic Council Director Lawrence Kudlow [celebrated](#) last April. "This is the new Trump economy," and "I'll tell you it's working."

Whoo-hoo!

But wait. Do the numbers justify celebration? To understand our world we need numbers, for sure, and we also need to keep in mind the old refrain “numbers can lie”—even accurate ones. So let’s dig into those most pundits rely on to judge our economy’s health.

First, let’s look at what gets measured.

### **The Cost of Basics**

Cost-of-living calculators report how much money we need to cover such basics as housing, groceries, taxes, and health in various US localities. The Economic Policy Institute’s [budget calculator](#), for example, tells us that in Boston two adults and two kids need \$113,558 just to cover these basics. Seems like a lot of money. Many of us can recall a time when \$100,000 in family income was well above middle class.

But costs have been rising across the country. The Bureau of Labor Statistics reported that the cost of living from July 2017 to July 2018 was up from [1.7 percent to 2.9 percent](#). A broader measure, the inflation rate, for 2017 was [2.1 percent](#). So if we aren’t making more, we’re losing ground.

Career Builders [reported](#) in 2017 that seventy-eight percent of US workers are living pay check to pay check. It found that inflation-adjusted (“real”) hourly earnings increased 1.2 percent in the year ending in April 2019, but over this period the inflation rate was even higher: 2.0 percent gobbled up the gain.

These two indices—cost-of-living and inflation—are related, but not identical. [The Cost of Living Index](#) tracks what it takes to maintain a certain standard of living; whereas, inflation refers a general increase—measured by the [Consumer Price Index](#)—in prices of goods and services.

By either measure, most of us are not doing so well.

In 2017 the bulk of gains in our real income came from working longer hours, not wage increases, according to the [US Census Bureau](#). Note, too, that longer working hours for many of us means bigger expenses for commuting, childcare, or care for other dependents.

### **Signs of Pain, Not Gain**

Six in ten Americans don’t have enough savings for a \$1,000 emergency, reports Bankrate’s January 2019 Financial Security Index [survey](#). Four in ten adults could not afford a \$400 emergency expense, found the Federal Reserve Board’s Economic Well-Being [report](#) in May 2018.

So, while many toast progress, workers actually lost ground.

For example, the Bureau of Labor Statistics (BLS) reported in September 2019 that the real average hourly earnings were up [1.5 percent](#) from August 2018 to August 2019. Now this sounds fine, but it is only half of the story.

The BLS also reported in September 2019 that inflation for the same period was [1.7 percent](#). That's lost ground despite the wage increase.

PayScale, tracking total cash compensation for full-time, private industry employees and education professionals, noted a worse decline of [1.8 percent](#) during 2018, once inflation is factored in.

And looking back further? Since 2006, inflation-adjusted pay is down [9.8 percent](#).

Other measures don't look very good, either.

In 2017 country-wide, [one in four](#) jobs is in a low-wage occupation and in some states it's even worse. In six states—Alabama, Arkansas, Louisiana, Mississippi, New Mexico, and West Virginia—more than [one in three](#) jobs is in a low-wage occupation. And the share of jobs that are low-wage—that is, cannot keep a family of four above the poverty line—has remained relatively stagnant since 2012.

The federal minimum wage has lost [31 percent](#) of its value over the last 50 years. The relentless attacks on labor unions have dramatically reduced the numbers of workers protected by a union contract. Shamefully, the policy decisions coming out of Washington from both political parties have resulted in crushing any hopes of shared economic growth.

### **How Our Government Underreports Unemployment**

Among the six Bureau of Labor Statistics, the standard is called U-3 unemployment rate. It counts only those without a job who were actively searching for a job in the four weeks prior to the survey. What it fails to include are:

- *Discouraged job seekers*: Americans who have searched for work in the last 12 months but not looking in the past four weeks.
- *Part-time workers*: Those of us who want full-time work or who are underemployed for “economic reasons” such as the loss of a job through a company’s downsizing, relocating or closing down. Also included here are those who held part-time jobs for non-economic reasons such the demands of childcare or family or personal obligations and in school or retired.

A more accurate measure is the U-6 rate, which includes those in the first two categories and more. Typically, this much more realistic—mostly ignored—rate is at least double the standard U-3 rate. As evidence of a “booming” economy, for example, in [January 2019](#), the BLS announced 3.6 percent as its U-3 unemployment rate for December 2018. However, the U-6 rate was 7.8 percent. In fact, for all of [2018](#), the average U-3 unemployment rate was 3.9 percent. What Americans didn't learn is that the [U-6 rate](#) was 7.8 percent.

But the broader U-6 measure hides real pain. [Shadow Government Statistics](#) reported in 1994, that workers moving from U-3 into U-6 status *and* were “discouraged” for more than a year were dropped altogether from unemployment numbers. Including these folks would triple the U-6 rate, but the public never knows.

### **The Human Cost**

Our government’s and corporate media’s failure to capture the true extent of unemployment creates a distorted narrative about work that feeds bewilderment and self-recrimination. If the economy is “booming,” increasing job numbers and reducing unemployment, then “Why am I struggling so hard? Is it my fault?” The impact of the false picture could contribute to our [worsening rates](#) of depression.

Bottom line: Essential to democracy are citizens who know the score. Only accurate and complete economic representations of the state of our nation can enable an informed electorate to pursue policies benefiting all.

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