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ISEE Report Sets St. Louis Unemployment at 10 Percent

**01/26/2012**

A research report from Lindenwood University's Institute for the Study of Economics and the Environment (ISEE), indicates official unemployment rates significantly understate the true levels of unemployment in the United States and the St. Louis Metro Area.

According to the report, the true unemployment rate was 10.2 percent for the United States in December 2011 and 10 percent for the St. Louis Metro Area in November 2011. In contrast, the official unemployment rates from the Bureau of Labor Statistics were, respectively, 8.5 percent and 8.6 percent.

The ISEE report maintains that the recession of 2008-09 had a much larger and sustained effect on unemployment than shown by official numbers: True unemployment in the United States peaked in October 2009 at 10.9 percent, a level which was experienced as recently as June 2011.

Similarly, true unemployment in the St. Louis Metro Area peaked at 11.6 percent in September 2009 and did not fall below 11 percent until February 2011. In contrast, official unemployment rates have been falling slowly since their Fall 2009 peaks.

Howard Wall, director of ISEE, said the reason for the differences between the true and official unemployment rates is that the official rates do not account for the large number of people who have given up looking for work. These so-called discouraged workers are not counted in the official labor force or as being unemployed.

Wall, the author of the report, said "It's important to get an accurate picture of how the labor market has fared over the past few years, and the pictures change a great deal when discouraged workers are counted." Wall points out two examples of how the true unemployment rate affects the picture of the economy:

1. According to the official unemployment rates, the U.S. labor market was improving slowly for the past two years or more. According to the true unemployment rate, however, the little improvement that has occurred was in the second half of last year.
2. True unemployment has been falling slowly but steadily in St. Louis for about a year and a half, indicating that the recovery in St. Louis has actually been stronger than in the country as a whole. As a result, by the end of 2011, the St. Louis labor market looked to be in better shape than the national labor market.

More information about the ISEE can be found at [www.lindenwood.edu/business/isee.cfm](http://www.lindenwood.edu/business/isee.cfm). The report and ISEE's data for the St. Louis metro area can be found at [www.stldata.org](http://www.stldata.org).