



No Jobs for Young People? It Just Ain't So!

BY ALAN REYNOLDS

In “The Young and the Jobless,” *New York Times* columnist Bob Herbert recently wrote that “American workers, especially younger workers, remain stuck in a gloomy employment landscape. . . . The simple truth is that there are not nearly enough jobs available for the many millions of out-of-work or underworked men and women who need them.”

If the number of people seeking work had actually been growing faster than the number of jobs they are willing and able to fill, then the U.S. unemployment rate would have been rising. Yet the unemployment rate fell from 6.3 percent in June 2003 to 5 percent in July 2005. The author’s emphasis on “American workers” seems particularly misplaced, since unemployment in April was 10.2 percent in France and 11.8 percent in Germany.

Herbert then changes the subject, bemoaning the long-term decline in teenage employment rates—that is, the declining percentage of young people who work rather than attend high school: “A recent report from the Center for Labor Market Studies at Northeastern University in Boston tells us that the employment rate for the nation’s teenagers in the first 11 months of 2004—just 36.3 percent—was the lowest it has ever been since the federal government began tracking teenage employment in 1948. . . . ‘Younger workers,’ said Andrew Sum, the center’s director, ‘have just been crushed.’”

The main reason a smaller percentage of American teenagers are employed than in the past, however, is that many more are attending school and far fewer are employed on the family farm. At the time of the April 1947 census, only 27.7 percent of those aged 18-19 were enrolled in school. By 1950, only 34.3 percent of Americans over the age of 25 had finished high school, com-

pared with more than 85 percent today.

A September 2002 report from the Bureau of Labor Statistics (BLS) noted that the labor-force participation rate for teenagers has been falling for years because of “an increasing rate of school enrollment during the summer.” The percentage of those aged 16 or 17 enrolled in school during the month of July rose from 21.4 percent in 1994 to 31.1 percent in 2000, while the percent in the labor force simultaneously declined from 57 to 51.2 percent.

The percentage of those aged 20-24 enrolled in college rather than working has likewise been rising. From 2000 to 2004 the number of adults who said they were not in the labor force because they were attending college increased by 750,000. Herbert views this as evidence that young adults are “faring poorly.”

Given his anxiety about young people being in school rather than at work, it is ironic that he complains that “workers can’t even get a modest increase in the national minimum wage.” The BLS reports that only 520,000 workers were paid the minimum wage in 2004 and a third of those were teenagers. Although 168,000 teens were paid the minimum wage, however, nearly twice as many (329,000) were paid less than the minimum wage. Whenever the minimum wage has increased, the percentage of workers displaced into even lower-paying jobs has grown larger.

Herbert frequently compares employment figures for 2004 with the cyclical peak of 2000, as though unemployment during the third year of recovery from the recession of 2001 should be expected to be just as low as it was during the ninth year of the preceding

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boom. In fact, the teenage unemployment rate in 2004 was lower than it was in the third year of two previous recoveries—17 percent in 2004 compared with 18.6 percent in 1985 and 17.6 percent in 1994.

Although the monthly unemployment rate among teenagers is always higher than among mature adults, spells of teenage unemployment are typically brief. Of those aged 16–19 who were unemployed at some point in 2004, nearly 45 percent were out of work less than five weeks, and an additional 32 percent were out of work less than 14 weeks.

Herbert attributes to Andrew Sum the belief that “Gains among recently arrived immigrants seem to have accounted for the entire net increase in jobs from 2000 through 2004.” That is surely false, regardless how creatively “net increase” may be defined.

Immigrants accounted for half the increase in the labor force so they would be expected to have accounted for no more than half the increase in employment unless unemployment declined more dramatically among recent immigrants than among natives. On the contrary, the Census Bureau estimates the unemployment rate in 2003 was 10.9 percent among immigrants who arrived since 2000 and 7.7 percent among those who arrived in the nineties, compared with 6.2 percent among native-born citizens.

“Workers have been so cowed by an environment in which they are so obviously dispensable,” writes Herbert, “that they have been afraid to ask for the raises they deserve. . . . The wages of those who are employed are not even keeping up with inflation.” The common misperception that wages have fallen in real terms results from a badly flawed average of aggregate earnings divided by hours among “production and nonsupervisory” workers—a series the BLS is about to discontinue. That flawed series was also badly adjusted for inflation by an archaic measure (CPI-W). If benefits and salaries are properly included, and deflated with a properly chain-weighted measure of inflation, then real compensation per hour among nonfarm businesses rose 3.9 percent between the first quarters of 2004 and 2005.

Herbert nonetheless writes of “an entire generation of essentially powerless workers largely at the mercy of

employers,” and claims that “very little has gone to the typical worker.” Yet his examples are not about typical or median workers, but about such atypical groups as teenage dropouts in certain regions. “In Illinois,” he writes, “fewer than one in every three teenage high school dropouts are working.” But this too is a problem that has been diminishing over time.

The misnamed “dropout rate” measures the percentage of young adults aged 16–24 at the time of a census survey who were not enrolled in a high-school program and had not received a high-school diploma. It fell from 21.3 percent in 1972 to 10.5 percent for young black Americans and from 14.6 to 6.5 percent for non-Hispanic whites. The figure for Hispanics appears much higher (25.7 percent in 2002), but the Pew Hispanic Center found that half of those counted as U.S. dropouts were actually young immigrants who “quit school before coming to this country,” and thus did not drop out of U.S. schools.

Squeeze on the Young?

Citing Andrew Sum, Bob Herbert also claims, “The squeeze on the younger generation of workers is so tight that in many cases the young men and women of today are faring less well than their parents’ generation did at a similar age.”

Since most of Herbert’s concerns are about non-working teenagers, it is difficult to make much sense of comparing their living standard with that of their parents “at a similar age.” Most of them are now supported by their parents, sharing the family’s living standard.

Three days after Herbert’s column appeared, on May 15, the *New York Times* launched a series on “Class in America” that I subsequently critiqued in the *Wall Street Journal*. Yet that article included a useful *Times* poll that specifically asked, “Compared with your parents when they were the age you are now is your standard of living” better or worse? It turns out that 39 percent said their standard of living was much better and another 27 percent said it was somewhat better. That is scarcely surprising, since real disposable income per person rose from \$15,094 in 1974 (in 2000 dollars) to \$27,281 in 2004—an increase of more than 80 percent. 