Cost of Living Hits All-Time High as Poll Shows Nearly Twenty Percent of People Un or Underemployed

March 22, 2011 - The Department of Labor's chained consumer price index has hit an all time high this month; topping the previous record which occurred just before the market collapse in late 2008. To make matters even worse, the announcement comes at a time of high unemployment. According to new numbers release by Gallup, the government's 8.9% unemployment rate is nothing less than shear fantasy. Gallup pegs the number at 10.2% unemployed, and the combined unemployed and underemployed rate of 19.9%. These are depression level numbers.

Tweet

(function() {
var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];
s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();

The Labor Department numbers hit a record high of 127.4 in February. Unlike the FED's core inflation rate, which excludes price changes for food and fuel, the Labor Dept. numbers look at the overall cost of living. They include fuel and food in their calculations; presumably because unlike the FED they have figured out that in the real world, people can't live without purchasing food or gas.

The methodology that the FED uses to calculate inflation ignores the fundamental fact that fuel prices push up the price of virtually every single product - including food. It also robs those with savings accounts of interest payments that they would receive if the FED were to set lending rates by including these two items. In effect, the FED is levying a tax on bank accounts, an allowing the federal government to continue to issue bonds with ridiculously low interest rates.

During the recession that began in the late 1970's, even though unemployment was high, those who had savings were able to get very good returns in the form of interest on money that they had stashed away. These interest payments were often enough to sustain people while they hunted for new jobs. That's impossible to do now because bank interest rates are hovering around 1%.

Given the numbers released by Gallup on unemployment, that's very bad news. The Gallup numbers contrast starkly with official government numbers that say the country's unemployment rate has fallen to 8.9%. According to Gallup, the real unemployment rate stands at 10.2%. That's nearly identical to the numbers Gallup showed in March of last year and it means that all of the government programs designed to stimulate the economy have done absolutely nothing other than to put the country into deeper debt.

Gallup also polled the underemployed. These are people in part time jobs seeking full time work, or those who have been displaced from a job and forced to take a lower paying position that requires fewer qualification or skill levels. According to Gallup, nearly one out of every five people of working age is currently unemployed or underemployed.

The Gallup numbers are likely to be much more accurate that the government's numbers because the federal government does not count so-called discouraged workers. These are people who have been unemployed so long that their unemployment insurance payments have run out and they have still not been able to find work. The government simply stops counting these people as unemployed.

byJim Malmberg
Note: When posting a comment, please sign-in first if you want a response. If you are not registered, click here. Registration is easy and free.
Follow me on Twitter: