



UNDERSTANDING THE JOBS REPORT – NOT AN EASY TASK!

Part: The Third

It does NOT show progress toward recovery!!!! I don't care what Obama says!!!!

UNemployment Trends Down; NON-Employment Trends Up!

How Can That Be!!!!

Stephen L. Bakke  October 28, 2012

Every month the Bureau of Labor Statistics (BLS) releases a “Jobs Report” that is much anticipated by the news media – to say nothing about the financial markets themselves. But once the numbers come out, what does it all mean? I’m trying to wade through claims of economic improvement and improvement of the jobs situation – while at the same time listening to adamant denials of those claims. No wonder people are confused and cynical!

Most Commonly Quoted Measurement of Unemployed – the “U3” Rate

The BLS defines the unemployed (U3) as: “All persons who had no employment during the reference week, were available for work, except for temporary illness, and had made specific efforts to find employment some time during the 4 week-period ending with the reference week.”

The Administration’s Official Position

The unemployment rate fell to 7.8 percent in September of 2012, marking the first time it's been below eight percent during Mr. Obama's presidency. This is the “U3” measurement. "We know that there are (sic) still that willingness for all of us to see that more people are put back to work. But in this particular report I'm happy to see that we see a continued growth," Labor Secretary Hilda Solis said after the report was issued. President Obama called the September report proof the economy is improving under his policies. "We have made too much progress to return to the policies that have led to the crisis in the first place. I can't allow that to happen," he said.

As I have become more familiar with many facts behind the administration’s claims, I am continually shaking my head. The constant proclamations by the Obama Administration that we are edging ever closer to real recovery is disingenuous to a fault. **And it's driving me absolutely NUTS!** I will try to convey some of the important information as to what the employment situation really is.



**“There are Three Kinds of Lies: Lies, Damned Lies, and Statistics”
(Mark Twain – who attributed it to 19th century British PM Benjamin Disraeli)**

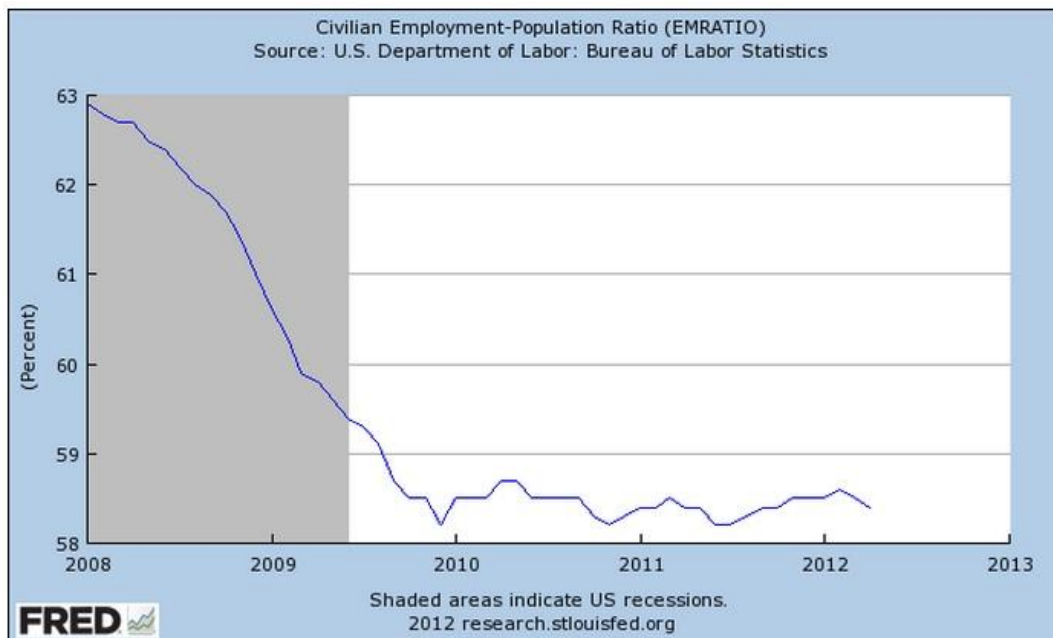
A new TV campaign ad shows Obama now claiming to have added 5.2 million new jobs. The problem is that **he doesn't start counting the “net jobs change” until there actually were new jobs added. That occurred well over a year into his administration – totally arbitrary and for his convenience!** In fact, it appears that the true net addition of new jobs probably is a little over 300,000, all things considered. In addition to improperly excluding jobs lost early in the Obama Presidency, this claim masks the fact that joblessness overall has actually risen over Obama's term so far! Additionally, the “added jobs” claims exclude the public sector which has lost about 500,000 jobs for the same period. **The Administration is reporting whatever makes Obama look best!**

And here's a “good one”! I'm not sure how to explain it! The 5.2 million jobs claims **INCLUDE giving credit for about 453,000 private sector jobs TO BE ADDED NEXT YEAR**, using the BLS benchmarking process!
GOOD GRIEF!



Are We Adding New Jobs? In Fact, Very Few!

The BLS reported early this month that 114,000 new jobs were created in September 2012. This was applauded as good news by Obama, especially in light of the fact that unemployment dropped to just under 8%. **But how can those two things be true for the same period when the working age population GREW by 206,000 last month?** Check out this chart.



Given expected employment ratios, 138,000 new jobs would have to be created in order to just stay even! Hmmmm – there were only 114,000 jobs created, yet unemployment dropped? That's right, because the employment-population ratio stayed well below a healthy expectation level and even

dropped a bit lower. **Stated another way, people dropped out of the job market, or consciously stayed out of the market, thereby NOT becoming, or remaining, an unemployment “statistic”!**

Since Obama took office, the working age population has increased by 8.4 million. With the same labor force participation that was in place on inauguration day in 2009, **in order to just stay even we would have had to add approximate 5.5 million jobs. We only added 5.2 million jobs if Obama’s flawed statistics are to be believed.**

Part-time Jobs – Another Dirty Little Secret!

While 114,000 new jobs were created in September, at the same time full-time jobs were declining by 216,000. Think about that a moment **The increase in jobs is, to a significant degree, due to an increase in part-time jobs.** The number of new involuntary part-time workers contributed significantly to the reduction in the unemployed. Obviously, the employment situation has been bad for so long, workers are ending their official search for full-time work and settling for any paycheck they can get. These “under-employed workers” are excluded from the most well known measurement of unemployment.

There is another much more obscure unemployment statistic, affectionately known to its good friends as the “U6” unemployment rate. That is a measurement which counts unemployed workers, plus underemployed workers (including part-timers). That measure has remained constant, at almost 15%, yet Obama was shouting about his success in reducing the unemployed. There is nothing to brag about, so we don’t hear about it from the Administration.



While the U3 rate has gone up by over 3 “points” in 5 years, the U6 rate has gone up by over 6 “points.” While the U6 is relatively comprehensive, it still is understated because it omits those who have given up hope and dropped out of the job market.

Something Else is Confusing (There’s no end to it!) – Try Not to Get Dizzy While Reading This!

I found a separate BLS Household Survey of families across the nation. That survey reported a surge of 873,000 new jobs. But separately we saw above that there was a reduction in full time jobs of 216,000 while there was a 114,000 increase in new jobs. Whew! Uff Da! Yes, I am as confused as you are! How can this be?!



OK! First of all, the frustration caused by confusing full and part-time job creation is part of the answer. But just the same Uff Da! In addition to the full/part-time problem, the fact is that this is just a survey, and the 873,000 jobs increase included responses from households who may even have started some sort of small activity at home to help “make ends meet.” **I just don’t get it! Form over substance! Anything to make things look better!**

Almost Everything is Looking Worse – Especially the Labor Force “Participation Rate”

In 2008, 154.3 million of the civilian non-institutional labor force was working. In 2012 the amount had only grown to 155 million, but the total **available** labor force being measured grew from 233.4 million to 243.7 million. **That is a very significant reduction from 66% to 63.6%. It translates into real people, real jobs and real paychecks!** For the decade leading into Obama’s administration, the percentage averaged 66.4%. (This is a similar but slightly different measurement than shown earlier in a chart.)

The U3 unemployment rate does NOT divulge the percent of the population is in the labor force. As we have seen, as things get worse and people become discouraged and give up hope, the unemployment rate improves (what????), as does the percentage of population in the labor force.

More about **EMployment Statistics (as opposed to **UN**employment) – This Isn’t Good Either!**

Total non-farm employees reached an all-time peak in 2008 – 138 million workers. Then it dropped by almost 10 million. It has now recovered only to approximately the 2005 employment levels of 133.5 million people. It hit bottom at a bit over 129 million in 2010 – **precisely the date Obama chose to start measuring the changes his administration should be credited with!** Since Obama took office, the total numbers employed are very near to being flat. Employment dropped for many months after he took office and in 2010 the declines were, at least temporarily, interrupted.

At this point it appears that Obama is on course to have the worst jobs record of any president since World War II!

Sources of information which influenced this report include: Obama Administration, the OMB, The Heritage Foundation, Wall Street Journal, U.S. Department of Labor, Bureau of Labor Statistics, American Enterprise Institute, National Center for Strategic Analysis, U.S. Census Bureau, various prominent national surveys, and many analysts and commentators.

*Rub-a-dub-dub,
Three men in a tub,
And who do you think they be?
The butcher, the baker,
The candlestick-maker,
All put out to sea.*

**Why’d they put out to sea?
Because they couldn’t find a job
And they just went fishin’ ... I guess?**

