GlobalResearch
Center for Research on Globalization

Are The US Payroll Jobs Reports Merely Propaganda Statements?

By Dr. Paul Craig Roberts
Global Research, February 07, 2016
Paul Craig Roberts 6 February 2016

Region: USA
Theme: Global Economy

Are The Payroll Jobs Reports Merely Propaganda Statements?

US economics statistics are so screwed up that they do not provide an accurate picture.

Consider the latest monthly payroll jobs report. According to the report, in January 151,000 new jobs were created. Where are these jobs? According to the report, 69% of the new jobs are accounted for by retail employment and waitresses and bartenders. If we add in health care and social assistance, the entirety of the new jobs are accounted for. This is not the employment picture of a First World economy.

According to the report, in January the retail sector added 57,700 jobs. Considering that January is the month that followed a disappointing Christmas December, do you think retailers added 57,700 employees? Such a large increase in retail employment suggests an expected rise in sales, but transportation and warehousing lost 20,300 jobs and wholesale trade added only 8,800.

Perhaps it is mistaken to think that employment in these sectors should move together. Possibly the retail jobs, if they are real, are part-time jobs replacing a smaller number of terminated full-time jobs in order that employers can avoid benefits costs. If this is the case, then the retail jobs are bad news, not good news.

The reported unemployment rate of 4.9% is misleading as it does not count discouraged workers. When discouraged workers are added, the actual rate of US unemployment is about 23%, a number more consistent with the decline in the labor force participation rate. In January 2006 the labor force participation rate was 66%. In January 2016 the labor force participation rate is 62.7%.

The government has a second official unemployment rate that counts short-term discouraged workers (discouraged for less than one year). That rate, known as U-6, is 10%, twice the “headline rate” which is always the U-3 measure that excludes all discouraged workers not currently looking for a job.

In his reports John Williams (shadowstats.com) explains that the jobs reported can be an artifact of seasonal adjustments. Perhaps a simple way of seeing the influence of seasonal adjustments is to compare the not seasonally adjusted jobs numbers for December 2015 and January 2016. These numbers are 144,112,000 jobs in December and 141,123,000 jobs in January, a decline of 2,989,000. However, with seasonal adjustments the January number rises to 143,288,000 and the December number falls to 143,137,000, producing a January jobs gain of 151,000.

Payroll jobs are the number of jobs, not the number of employed people. Many of the payroll jobs are part-time. In order to make ends meet, some people hold two or more part-time jobs. In contrast to the 143,288,000 reported payroll jobs, civilian full-time employment is about 123,000,000.

Another factor that distorts the jobs reports is the birth-death model. Based on John Williams' expertise, I have often reported on this effort by the BLS to estimate the net of unreported jobs losses from business closures and the unreported jobs gains of new start-ups. Here is John Williams in his latest report on the January payroll jobs:

"Historically, an upside-bias process was created for payroll-employment reporting simply by adding in a monthly "bias factor," so as to prevent the otherwise potential political embarrassment to the BLS of understating monthly jobs growth. The "bias factor" process resulted from such an actual reporting embarrassment, with the underestimation of jobs growth coming out of the 1983 recession.

"That process eventually was recast as the now infamous Birth-Death Model (BDM), which purportedly models the relative effects on payroll employment of jobs creation due to new businesses starting up, versus jobs lost due to bankruptcies or closings of existing businesses.

> Separately there is a preset upside bias, plus a presumed net additional "surplus" of jobs added on to the payroll estimates each month as a special add-factor. In current reporting, the aggregate average overstatement of monthly employment change easily exceeds 200,000 jobs per month. These details and section shall be updated fully in the pending Supplement.

The assertion that the US economy has been in recovery since June of 2009 is not consistent with the quantity and quality of the jobs reflected in the payroll jobs reports. The number of new jobs is not sufficient to prevent the labor force participation rate from declining, and the pay associated with the jobs is not sufficient to leave consumers with enough discretionary income to drive an economy based on consumption.

The financial presstitutes do not explore these issues. They merely report the numbers that the official releases emphasize and ask no questions about them. Therefore, the decline in American economic prospects receives no attention. The Federal Reserve can even report that half of American 25 year-olds live at home with their parents without causing alarm. They do this not from choice but from necessity. They simply cannot find jobs that pay enough to support an independent existence. You would think that this would be an issue of national concern.

Dr. Paul Craig Roberts was Assistant Secretary of the Treasury for Economic Policy and associate editor of the Wall Street Journal. He was columnist for Business Week, Scripps Howard News Service, and Creators Syndicate. He has had many university appointments. His internet columns have attracted a worldwide following. Roberts' latest books areThe Failure of Laissez Faire Capitalism and Economic Dissolution of the West, How America Was Lost, and The Neoconservative Threat to World Order.

The original source of this article is Paul Craig Roberts
Copyright © Dr. Paul Craig Roberts, Paul Craig Roberts, 2016

Comment on Global Research Articles on our Facebook page

Become a Member of Global Research

Articles by: Dr. Paul Craig Roberts

About the author:

Paul Craig Roberts, former Assistant Secretary of the US Treasury and Associate Editor of the Wall Street Journal, has held numerous university appointments. He is a frequent contributor to Global Research. Dr. Roberts can be reached at http://paulcraigroberts.org

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca