

# Behind the Government's Make-Believe Job Gains

by Richard Freeman

The official U.S. unemployment level rose from 8.351 million in May, to 8.424 million in June, an increase of 73,000, and the unemployment rate rose, between May and June, from 5.8% to 5.9%, according to the Labor Department's Bureau of Labor Statistics (BLS). In reality, unemployment, as determined by *EIR* to include those who drop out of the labor force but still want a job, or are forced into part-time work, is nearly double the official BLS level.

The collapse of the U.S. physical economy is the real trigger of the unemployment growth, arising at the very moment that the Bush Administration is trying to paint a picture of economic recovery. Unable to deny the increase in unemployment, U.S. and European media and experts attempted to play up a mythical growth in non-agricultural payroll employment in June, using the same quality of fraudulent statistical manipulation as occurred at WorldCom, Enron, etc.

What the BLS data cannot cover up, is the fact that the unemployment continues to strike hard at the U.S. manufacturing workforce, and in June, a further 23,000 manufacturing jobs were eliminated. Since the end of July 2000, some 1.804 million manufacturing payroll jobs have been eliminated from the U.S. economy. Of these workers, since the end of July 2000, some 1.454 million *production manufacturing* workers' jobs have been eliminated—these are the workers whose scientific alteration of nature advances human existence. Since the start of 2002, there has been talk that “as the recovery gathers steam,” the loss of manufacturing jobs would stop, and manufacturing workers would be added to payrolls. Instead, over 22 unbroken months, there has been an unrelenting reduction in the manufacturing workforce.

At 8.429 million, this June's official unemployment exceeds the official level of last June, (6.465 million) by nearly 2 million workers.

## Government Accounting Fraud

Even while the BLS reported that unemployment in June had increased by 73,000 workers by the “household employment survey,” it also reported 36,000 more workers on non-agricultural payrolls by the “establishment employment survey.” This was supposed to serve as an injection of good news.

But the BLS' alleged 36,000 job increase in June involves an accounting ruse to produce jobs from thin air, the sort of

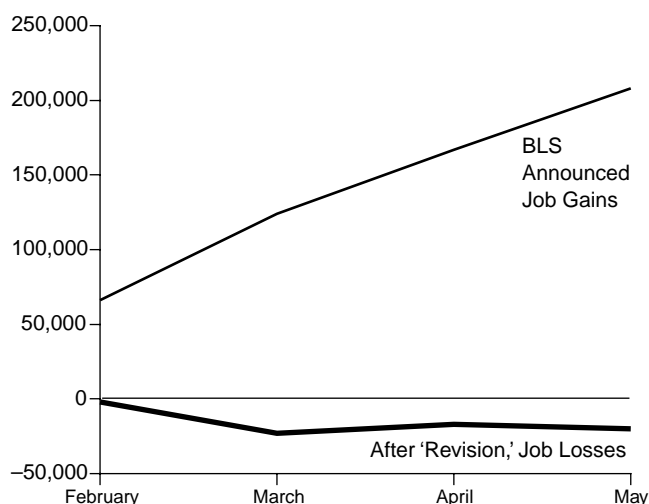
fraud which could teach Arthur Andersen a thing or two about creative accounting. In February, the BLS reported that the number of payroll jobs had increased by 66,000, only to revise that downward to -2,000; in March, it reported that payroll jobs had increased by 58,000, only to revise that downward to -21,000; in April, the reported increase in payroll jobs was 43,000, but that was later revised downward to +6,000; in May, the BLS reported that payroll employment had increased by 41,000 jobs, only to revise that downward on July 5, to -3,000.

Now in June, the BLS reports that payroll employment increased by 36,000, a figure which it will likely revise downward next month. Only by the BLS' downward revision of its May payroll jobs figure from +41,000 to -3,000—a swing of 44,000—could it then show an increase of 36,000 payroll jobs in June!

**Figure 1** shows that, from February to May, the BLS cumulatively reported that the number of payroll jobs had increased by a combined 208,000, when, in fact, after revision, the number *fell* by a combined 20,000.

Under the Bush Administration, the BLS does not want to puncture the fantasy of recovery by publishing the truth. Up on Capitol Hill, Congressmen are tripping over one another to call for new corporate accounting procedures. President Bush has stated that he plans to get tough with companies that use “fake accounting.” Perhaps these august gentlemen might turn their attention to halting an accounting fraud that the Bureau of Labor Statistics unabashedly commits on a monthly basis.

FIGURE 1  
**BLS' Announced Job Gains Turned Into Job Losses**



Source: U.S. Department of Labor, Bureau of Labor Statistics.