

Obama's Jobs Fraud: Labor Force Vanishes

by Paul Gallagher

May 9—In its Sept. 3, 2010 issue, as claims of “recovery and private-sector job creation” were flogged by the Obama White House, *EIR* published this shocking fact about the real shrinkage of the American labor force:

“As late as the decade of the 1990s, about 80% of the civilian, non-institutionalized U.S. residents who entered the working age range of 16-65 years, or immigrated into it, joined and stayed in the workforce. (Being “in the workforce” essentially means that besides being capable of working, a person is employed or immediately seeking work.) But in the Bush-Obama decade now ending, only 30% did so, and one in six of that 30% are now officially unemployed or forced to work only part-time. Obviously, the great majority of the other 70%, some 17.5 million new working-age Americans since 2000, did not stay out of the workforce by choice. The thorough economic collapse closed the door to it against them, or booted them out of it, usually after six months to two years or more of unemployment and inability to find work. Those 17 million are the underwater part of the iceberg of unemployment, beyond the 23 million or so currently officially unemployed and underemployed.

“The real ‘disappeared employment’ in the collapsed U.S. economy is in the range of 35-40 million, relative to what it must be—and will be, starting with a new President, and a Glass-Steagall credit system.”

The Labor Department’s reports on which that conclusion was based, went up to July 1, 2009. Has this destruction of the labor force changed, now that the government reports “growing private sector job gains for 10 straight months,” as high as 244,000 in April 2011?

No, it has gotten worse. Between April 2009 and April 2011, the “civilian, non-institutionalized” population referred to above, has grown by 3.8 million. But during those two years, 5.3 million more U.S. residents have exited the labor force! The total labor force has shrunk by a further 1.53 million. Employment and participation in the labor force, as percentages

of population, have both dropped in that period to 50-year record lows. And these developments continued right up through this much-crowded-about April 2011, when another 131,000 Americans left the labor force.

Deliberate Fakery

The Obama Administration is not uninformed of this; it is faking the dismal employment picture. The fact that the reports above come from the same source—the Labor Department’s Bureau of Labor Statistics (BLS)—as the ten straight monthly reports of “growing private sector job creation,” is evidence that this is not statistical incompetence, but fraud.

The most recent report, for April 2011, claimed net creation of 268,000 jobs in the private sector (and a loss of 24,000 in governments at all levels, which have eliminated 350,000 jobs since August 2010). But 175,000 jobs created in April were “virtual.” These “jobs” are not found by the BLS’s surveys, but “imputed” by the its computers, according to a program which continually assumes that new, small businesses, which the government hasn’t found yet, are hiring employees at a certain flexible rate.

If it sounds incredible that this “virtual hiring” would be two-thirds of all job creation, it is. If it seems that such anomalies would even out over months and years, they have not. In the BLS’s last two “annual revisions,” in which the agency matches actual tax, payroll, and other records to its earlier month-by-month blind imputation of new businesses, it has had to drop a total of 1.4 million jobs—i.e., to admit that they did not exist. So the BLS had been overestimating new employment by 50-70,000 jobs every month, over a full two years, ending in March 2010. The most recently published “revision,” covering April-September 2010, found that *more* jobs were actually eliminated by small firms going under, than created by new start-ups. There are other, “seasonal adjustment” manipulations as well: “The entire [BLS] report is seasonally adjusted to be positive, while the non-adjusted data is just awful,” said economist Jim Fitzgibbons.

But the mere fact that the government *tripled down* on “virtual” job creation this month, after its own revisions showed it to be false for years on end, shows that this has gone over to deliberate fraud, by and for the Obama White House. As Lyndon LaRouche said, “The President has no connection to truth. Everything he does is a lie. Let’s get him out of there.”