

Marketplace Disses Trump



Kai Ryssdal

Kai Ryssdal's editorial comment at the end of "Marketplace" July 26, 2015. Copied and pasted without editing by your faithful correspondent. Over-the-top phrasing, however, is solely the responsibility of Mr. Ryssdal.

A word about the unemployment rate and this election.

This weekend on CNN's Sunday show State of the Union, an interview between Jake Tapper and Donald Trump Jr. turned to the unemployment rate, about which Trump said: "These are artificial numbers, these are massaged to make the existing economy look good, to make this administration look good, when in fact, it's a total disaster."

To use as straightforward a word as possible, that's a lie.

Reasonable people can and do disagree about the health of the economy, and how to measure the labor market, but the idea that the Bureau of Labor Statistics [BLS] manipulates the monthly unemployment report is without any basis in fact.

It's at best a fabrication and at worst, and most damaging, a

malicious conspiracy theory.

Same thing goes, by the way, for the Republican nominee's claim that unemployment in this country is at 42 percent.

This isn't, to quote Jake Tapper, an anti-Trump position or a pro-Clinton position.

It is a pro-truth position.

Mr. Ryssdal has made a fundamental error. He assumes the BLS gathers the data for the unemployment rate. That is not true. BLS outsources data collection to the Bureau of the Census. And, shortly after taking office in his first term, President Obama moved Census from its long-time home in the Department of Commerce to the Executive Office of the President. Which means the administration directly runs the critical data collection job for much of the government. (If you'd like to get some idea of the extent to which the federal government relies on Census data, visit <http://census.gov> and try to find any single piece of data you're looking for. The sheer quantity of numbers available is overwhelming. I say this as someone who has spent many, many hours trying to track down data on that site.)

[In any case, I've written about this before.](#) And I have to remind everyone that John Crudele wrote a series of articles detailing how the data was being faked. I compiled the articles into a single pdf file which you can read by [clicking here.](#)

Having written all this, I have to add one disclaimer. I do not support Mr. Trump's candidacy. I am, in fact, #nevertrump.

My Refusal to Use U.S. Government Data Has Been Extended Indefinitely



(click for larger image)

[In early 2014 I wrote that I would not use government data again for three more years.](#) I have now extended that deadline indefinitely. Neither of the candidates for president inspires more confidence in the data than President Obama. I have updated the image at the top right of the home page to reflect this fact. Here's the updated version →

[I will shortly post a companion article about Kai Ryssdal's failure to understand the issues with government data.](#)

The BLS Has a Problem

The latest jobs report (December 5, 2014) includes outright contradictions. According to [the New York Post's John Crudele](#), a comparison of the seasonally adjusted (SA) and non-seasonally adjusted (NSA) data is, um, instructive. Let's look at the data first:

Employment, Hours, and Earnings from the Current Employment Statistics survey (National) 1-Month Net Change				
Year	Month	NSA	SA	SA/NSA
2013	Nov	523	274	0.5239
2014	Nov	497	321	0.6459
Calculated		497		
Crudele		497		

The ratio of the seasonally adjusted to non-seasonally adjusted data should be pretty close to the same in two consecutive years. But it's not. Even worse, the NSA figures decreased between 2013 and 2014. But the SA numbers increased. There's something very, very wrong here. ([Click here](#) to download my Excel workbook.)

While trying to track down the NSA figures for 2014, I ran across this table: [ESTABLISHMENT DATA Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail \[In thousands\]](#). Clearly subtracting the October figure from the November number should equal the 1-month change. And it does, confirming Mr. Crudele's data.

Long-time readers will recall [my refusal to use government statistics until 2017](#). This is yet another example of malfeasance at BLS. Future economists will be forced to exclude the 2013 – 2016 time period from their research because the numbers are not believable.

Thanks to John Crudele and Twitter satirist @hale_razor whose Tweet brought this to my attention.

Obama the Job Creator

Obama the job creator.



Lisa Benson, Victorville Daily Press

Says it all.
From <http://townhall.com/political-cartoons/lisabenson/2013/07/10/110634>. All jobs are not created equal. The BLS household survey only asks whether someone is employed or not. Someone who has two jobs is only counted as employed once. And **people who have a part-time job but would like full-time work are also counted as employed.** The BLS says the latter group is “underemployed.”

Unemployment Drops to 8.6% – Can the News Really Be That Good?

This morning the Bureau of Labor Statistics released the employment report for November. The good news is that the unemployment rate fell to 8.6%. Wow. But all is not rosy as

we'll see.

The headlines said the private sector added 140,000 jobs in November, but that was offset by a loss of 20,000 government jobs. Net gain: 120,000 jobs. Oh, really? Allow me a brief digression.

The BLS actually does two different surveys. The unemployment rate is based on the household survey, a large sample of U.S. households. But the jobs numbers cited in the headlines are from the establishment survey which surveys business and government. The two surveys often diverge, particularly during periods when unemployed workers are hanging out their own consulting shingles. The household survey includes these new businesses, but the establishment survey doesn't know those new businesses exist (yet).

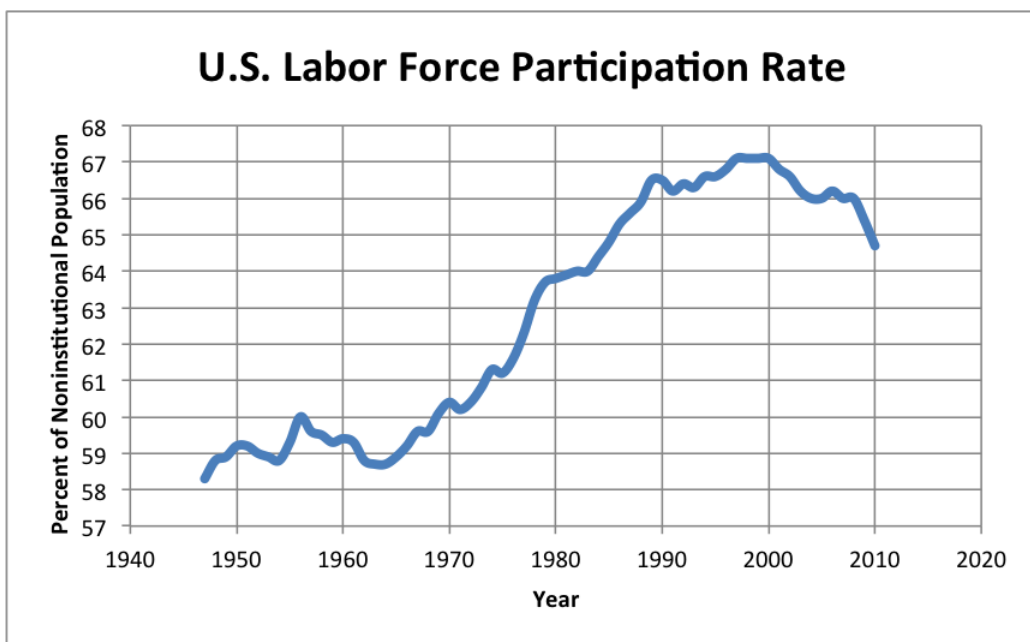
So let's take a closer look at the household survey results. (Anyone who wants to play with the data should e-mail me for an Excel workbook containing seven of the BLS tables as well as a couple of tables I created for this blog.)

The number of people unemployed fell by 594,000. Of that, 315,000 were people who dropped out of the labor force. The civilian labor force fell from 154,198,000 to 153,883,000. According to the household survey, the number of people employed rose by 278,000. The sum of those two numbers (315,000 + 278,000) is equal to the change in unemployment (593,000, compared with the reported figure of 594,000, a difference most likely caused by rounding error).

Today the U.S. labor force participation rate is at the lowest level since the mid-1980s. Is it good news that so many people have given up looking for work? Some have taken early retirement, others have moved in with their families or friends. An 8.6% unemployment rate is good news, but not nearly as good as the headline writers would have you believe.

For the year 2010 the labor force participation rate was

64.7%. In November, that figure dropped even further to 64.0%. Remember, real GDP is equal to the number of workers times average worker productivity. The current increases in U.S. output are largely being fueled by huge productivity increases. As the U.S. moves increasingly toward a service producing information economy, the productivity of educated people will continue to soar. The question of what happens to the rest of the population remains unanswered.



U.S. Labor Force Participation Rate