

Obama seizes on flukish jobs report to defend right-wing policies

Barry Grey
6 October 2012

The US Labor Department's Bureau of Labor Statistics (BLS) reported Friday that nonfarm payrolls registered a tepid net gain of 114,000 jobs in September. The figure was lower than those for July and August and below the 125,000-150,000 monthly increase needed just to keep pace with population growth.

However, the BLS simultaneously reported that the nation's unemployment rate dropped from 8.1 percent in August to 7.8 percent in September, ending 44 straight months in which the official jobless rate was 8 percent or higher and bringing the rate down to the level that prevailed when Obama took office in January of 2009.

The Obama administration seized on the jobless rate figure to declare that its economic policies were working. At a campaign rally at George Mason University in Fairfax, Virginia, President Obama said: "Today I believe that as a nation we are moving forward again. More Americans entered the workforce, more people are getting jobs... It is a reminder that the country has come too far to turn back now."

Obama's Republican opponent, Mitt Romney, at a rally in Abingdon, Virginia, attributed the drop in the jobless rate to the growth of long-term unemployment and the exit of discouraged workers from the job market. He noted, "If the same share of people were participating in the workforce today as on the day the president got elected, our unemployment rate would be around 11 percent."

The sharp drop in the official jobless rate, coming in the midst of generally negative data on manufacturing, trade and economic growth, confounded economists, who had predicted the rate would climb to 8.2 percent. The BLS report evoked accusations that the administration had manipulated the data to boost

Obama's reelection campaign.

Jack Welch, the former chief executive of General Electric and a Romney backer, publicly accused the Obama campaign of falsifying the numbers. Referring to Obama's poor performance in Wednesday night's nationally televised debate with Romney, he tweeted: "Unbelievable jobs number ... these Chicago guys will do anything ... can't debate so change numbers."

Obama Labor Secretary Hilda Solis called Welch's charge "ludicrous" and Alan Krueger, chairman of Obama's Council of Economic Advisers, called it "irresponsible." An array of economists and former BLS officials discounted the possibility of fixing the report.

There is, however, reason to be suspicious, given the apparent disconnect between the figures related to the jobless rate and those connected to the payroll estimate. The two parts of the monthly employment report are based on separate and distinct surveys. The report on nonfarm payrolls is based on the so-called "establishment" survey, in which BLS employees gather information from some 400,000 businesses and government agencies. The jobless rate is compiled from the "household" survey, in which 50,000 randomly selected people are interviewed concerning their employment status.

The establishment survey for September showed desultory hiring, in line with previous monthly reports. Private-sector payrolls rose by only 104,000, less than economists' projections. Government employment increased by 10,000.

The combined total was considerably lower than the upwardly revised figures of 142,000 for August and 181,000 for July. Manufacturing jobs actually declined by 16,000 in September, the second consecutive monthly drop. The biggest increase in payrolls was in

the lower-paying service sector.

The household survey showed a totally unexpected increase of 873,000 Americans with jobs, the biggest monthly jump in 29 years. It also showed a decline of 456,000 people out of work and the entry of 418,000 more people into the labor force. Thus, according to these figures, the decline in the jobless rate was not, as in previous months, the result of more discouraged workers giving up looking for a job, but rather an increase in both hiring and job-seeking.

Steve Haugen, an economist at the BLS, provided CBS News with a partial, but plausible, explanation for the improbably positive household survey results. He noted that people in the 20-24 age group, including college students and those who often work temporary jobs, left the job market this summer in August, earlier than usual, confounding the expectation of the BLS that they would leave in September.

Since the BLS does seasonal adjustments of its data, a big decline in employment in this demographic was factored into the bureau's calculations for September. "Because there was no decline," Haugen said, "there's a big increase after seasonal adjustment." In other words, perhaps hundreds of thousands of nonexistent temporary jobs were reported to exist.

The Obama administration may also be taking other measures to improve the official jobs data in the run-up to the election. It has added 10,000 civilian workers to the federal payroll just in the last three months.

Even if one takes the government's jobs report for good coin, it provides no cause for celebration. More than half of the reported gain in employment was accounted for by a sharp rise in the number of people working part-time but wanting a full-time job. The number of involuntary part-time workers soared from about 8 million to 8.6 million, a 581,000 increase.

Full-time employment, according to the BLS, *fell* in September by 216,000. Partly because of the huge number of people forced to take part-time jobs, the Labor Department's broad measure of unemployment, which includes involuntary part-timers and those who have given up looking for work, remained at 14.7 percent—some 23 million people.

Long-term unemployment continues at post-Depression record rates. Two-fifths of the unemployed in September—4.8 million people—had been looking for work for 27 weeks or longer. The real attitude of

Obama and both big-business parties is summed up in their bipartisan agreement earlier this year to cut the duration of federally funded extended jobless benefits and the likelihood that they will allow the program to lapse when it expires January 1.

Since states provide a maximum of 26 weeks jobless pay, nearly 5 million people will be cut off of cash benefits shortly after the November elections, regardless of which party wins.

Far from working to end mass unemployment, the Obama administration has carried out a callous and calculated policy of keeping the jobless rate high so as to give corporations a weapon to drive down the wages, benefits and conditions of workers. Obama has rejected any government hiring program, such as public works, and refused to provide serious relief to the unemployed and the growing ranks of the poor.

Romney, in the name of job-creation, advocates an even more nakedly pro-corporate policy, calling for deeper tax cuts for corporations than those proposed by Obama and an even more sweeping dismantling of regulations on business.

Whatever their tactical differences, the two parties are preparing after the elections to launch a historic attack on what remains of past social reforms, gutting basic programs such as Medicare, Medicaid, food stamps and Social Security.



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