

Trump hails dubious May jobless report to boost stock market, back-to-work drive

Shannon Jones
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President Trump was quick to seize on the May jobs report released Friday showing a decline in the official unemployment rate to tout the success of his policies and virtually declare the economic crisis triggered by the COVID-19 pandemic ended.

According to the Bureau of Labor Statistics (BLS), the US unemployment rate dropped to 13.3 percent, down from 14.7 percent in April, far lower than the rise to 19 percent that had been widely predicted. The numbers, uncritically accepted by the media, understate the actual rate in May by 3 percent due to what the BLS admitted was a problem in data collection that led to erroneously classifying many workers as “employed” who were actually out of work due to “coronavirus-related business closures.”

At a press event Friday, Trump touted the reported fall in unemployment to declare his administration’s policies in handling the COVID-19 pandemic vindicated. He added, he was “bringing our jobs back” and that “the trajectory looks great.” In an obscene reference to murdered Minneapolis worker George Floyd, he claimed that Floyd would think “this is a great thing that’s happening for our country.”

In fact, since the outbreak of the pandemic, the primary concern of Trump and, indeed, the entire political establishment, Democrats no less than Republicans, has been to bolster the stock market. After funneling trillions of dollars to Wall Street, the Trump administration has pushed for a premature return to work, putting the lives of hundreds of thousands in danger. The economic desperation of wide sections of the population is being used as a club to enforce this.

The markets surged 3.5 percent on the jobs report. The Dow Jones has regained virtually all the territory it lost since the first reports of COVID-19 in the United States sent it into a tailspin, while the NASDAQ is near a record high.

A report by the Institute for Policy Studies found that US billionaires have regained \$565 billion in wealth since March 18, driven by the resurgence of the stock market fueled by the federal bailout. Amazon CEO Jeff Bezos has seen his worth rise by \$36.2 billion, while that of Facebook

CEO Mark Zuckerberg has risen \$30.1 billion in the same period.

Moreover, the official unemployment rate is still higher than at any time in the post-World War II period, surpassing even the Great Recession of 2008-2009. New weekly claims for unemployment benefits are still close to 2 million, an historically unprecedented level.

There is every reason to believe the “good” unemployment numbers will be used to say there is no need for further federal relief to displaced workers or states and cities. Meanwhile, millions of workers face foreclosures, hunger, savage cuts in education, health care and other social services.

In a text message Friday, a Republican official wrote “Goodbye phase 4” after the numbers were released, indicating that Congress would likely refuse to pass any further economic stimulus measures to boost job-creation and provide aide to states and cities facing massive deficits due to the impact of the pandemic. Part-time workers accounted for about two-fifths of the over-the-month employment growth.

According to the *Wall Street Journal*, if those who have given up looking for work, so-called discouraged workers, are taken into account, the unemployment rate would be 21.2 percent in May and 22.8 percent in April.

The *Washington Post* noted: “Economists, however, pointed out that even the latest data shows 28 million people had their jobs cut or hours reduced during the pandemic. Plus, an alarming number—2.3 million people—now say they have permanently lost their jobs. There’s a long way to go before the job market gets back to where it was before the pandemic.”

Digging into the numbers, there was an actual rise of 7.8 million in the number of workers unemployed between five and 14 weeks. The number of long-term unemployed was up by 225,000.

Many economists downplayed the significance of the unemployment numbers. “The report does not change our view that the recovery will be much more gradual than the

collapse,” wrote Jim O’Sullivan, the chief US macro strategist at TD Securities.

Most of the jobs created in May were those of temporarily laid off workers returning to work. The number permanently laid off, 2.3 million, was actually 295,000 higher than in April. This points to the fact that the pandemic will be used to effect a major economic restructuring and massive downsizing, including huge cuts in the public sector.

Friday’s report shows the biggest layoffs taking place among government workers. Government employment registered a decline of 585,000 in May following a decrease of 963,000 in April. The bulk of the employment decline was in local government, which lost 487,000 jobs in May and 797,000 jobs in April. Much of that was due to school closures, but given that no federal money is likely to be allocated to alleviate school funding shortfalls, many of these cuts will no doubt be permanent.

Forecasting firm Moody’s Analytics projected that the official unemployment rate would still be at 8.5 percent by the end of 2020, a recession level, representing a net job loss of 8 million.

Further, it is not clear how many small businesses, such as restaurants, will survive the pandemic. It appears highly likely that many workers called back by employers seeking to obtain loan forgiveness under terms of the Paycheck Protection Program will be laid off again when the program expires later this year.

In a note at the end of the official press release on the May jobs report, BLS Commissioner William Beach stated that the unemployment rate had been significantly understated in April and May due to an error in the collection of the data. He noted that due to inadequate training of data collectors, many workers counted as employed should have been classified as temporarily unemployed “due to coronavirus-related business closures.”

He added, “If the workers who were recorded as employed but absent from work due to ‘other reasons’ (over and above the number absent for other reasons in a typical May) had been classified as unemployed on temporary layoff, the overall unemployment rate would have been about 3 percentage points higher than reported (on a not seasonally adjusted basis). However, according to usual practice, the data from the household survey are accepted as recorded. To maintain data integrity, no ad hoc actions are taken to reclassify survey responses.”

In other words, the unemployment rate for May would have been 16.3 percent, not the 13.3 percent being touted by the Trump administration and the media.

For its part, the corporate media either downplayed or ignored the fact that the unemployment numbers for both April and May were significantly understated. The result

was two-fold: to bolster the Trump administration with “good news” as it faces its biggest crisis amid continuing mass protest and to give another boost to the stock market.

The utter servility of the so-called liberal establishment was further demonstrated when *New York Times* columnist Paul Krugman was forced to issue a groveling apology Friday after suggesting on Twitter that the unexpected BLS figures for May might be open to question. At least to this point, no one has offered a convincing explanation of why the consensus projections of economists of something in the area of 19 percent unemployment were so off. There has apparently never been such a sharp divergence between economists’ predictions and the actual BLS figures.

Krugman had originally written, “BLS reports a GAIN in jobs and a FALL in unemployment, which almost nobody saw coming. Maybe it’s true, and the BLS is definitely doing its best, but you do have to wonder what’s going on.”

He later apologized “for any suggestion that a highly professional agency might have been corrupted.” He continued, “And as I look at the data, I’m starting to believe that the modest job gains may well have been real, not an artifact of the models.”

Krugman explained his climbdown by saying he had come under enormous pressure. One of those attacking him was Jason Furman, chair of the Obama administration’s Council of Economic Advisors. There is little doubt that *New York Times* publisher Arthur Sulzberger also weighed in.

The accuracy of the jobs data takes a back seat for the ruling class to the numbers on Wall Street and the drive to resume the extraction of profit from workers forced to return to unsafe workplaces. However, for workers, the spectacle of a surging stock market amidst widespread economic devastation is a powerful argument for the socialist reorganization of society.



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