

Tricky Employment

7-12-13

Last Friday the long awaited jobs figure for June 2013 was announced. It was 195,000. The markets surged. It was globally reported as a “strong” jobs number. Listed right underneath was the 7.6% unemployment rate. They must be connected, right? Nope. The next day Barrons' Forsyth, and even the ever optimistic Epstein, wrote of the terrible jobs report. What they had in mind was the Household Survey; the jobs report from which employment rates are calculated. There 160,000 new jobs were reported. That total was filtered through - 240,000 regular jobs, + 320,000 temp jobs, + 40,000 new self employed = 160,000 mostly temp and make-do jobs. The most widely reported unemployment figure remained the same. The more accurate U-6 rate rose from 13.8% to 14.3%.

The Household Survey is gathered by Census workers interviewing a 60,000 Bureau of Labor Statistics selected group. Just like for the census itself, they doggedly pursue and get their subject. Meanwhile, for the Establishment Survey the BLS relies on the 157,000 selected companies to gather jobs data and send it to them. They don't send out anybody to look at their employment records. Just send us the stuff and maybe we'll look it over. Since new hires will be newly enrolled for a payroll tax, it would seem that the government is in the best position to calculate accurate jobs figures.

But this is an unreal economy where new ways must be made for investment and profit now that production of goods exceeds those with the means to purchase. The system has created a raft of private for profit entities that can manipulate financial markets for their benefit, like the rating agencies did with junk securities. It's not just the S&P, Moody, Institute for Supply Management (only 'non-profit' after creating a separate 'for-profit' unit), but all corporations, even those involved in making things, have a fiduciary interest in making things come out right.

At this point you are probably expecting some crazy stuff about mass conspiracy, especially since instances of a fix like the LIBOR scandal are frequently reported. That sort of stuff is totally uninteresting from an intellectual standpoint – it's like murdering an enemy rather than neutralizing him by peaceful and humane methods. Doing the right thing requires utilizing probability over certainty. There is a sound reason why investment outfits bring in psychologists as advisors. If most everyone involved will personally benefit if they do what they can to make things come out right, then no one has to conspire or give orders in order to get them to do just that. Now in every cohort of people there will be some that favor honesty over anything else, but that's okay because in an unreal economy such as ours, most will follow the plentiful cues and clues as if they were listed in their job description.

Quantum physics ran into its dead end when it stubbornly insisted on absolute

certainty and determinism. When something didn't seem right they would blame it on observer distortion. But just as a human writing two equations on a piece of paper doesn't alter the makeup of the universe, neither does the self organizing principle of our unreal economy carry with it any guilt, even when that principle is corrupt. This is how 'human nature' is constructed.

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