

## Nonsense Arguments About Jobs

The better the employment reports get, the more ridiculous the assertions from those who deny the improvement.

Take Friday's report, which was the best since the economic recovery started. Private payrolls rose 212,000, while the number of hours per worker and earnings per hour went up as well. As a result, total workers' earnings are more than keeping pace with inflation. Even the unemployment rate went down again and is now at 8.5%, almost a full point below where it was a year ago.

These numbers are pretty good. Nonetheless, anyone who stated the obvious, and pointed out the good news, was berated by media and especially in the blogosphere. Our observation is that most of these arguments against optimism are driven by politics and border on the ridiculous.

One claim is the numbers are being manipulated by the government to help President Obama...if President Bush was in office, unemployment would be 12%.

But if the numbers are being manipulated, they're doing a pretty poor job. Why not claim a higher growth rate for civilian employment – which usually happens anyhow in normal recoveries – which would let them show some combination of a lower unemployment rate or higher labor force participation rate? And why would they usually have to revise up their payroll numbers after the initial report each month? Wouldn't they want the good news out as soon as possible? Of course, we point this out knowing full well that the conspiracy crowd already thinks we are part of the conspiracy.

Another argument is that the "real" unemployment rate is 15.2%, not 8.5%. This is a reference to the Labor Department's U-6 rate, which includes discouraged workers, marginally attached workers, and those working part-time who say they want full-time jobs. But as we have explained many times before, since its inception in 1994, the "real" unemployment rate (U-6) is always, in both good times and bad, higher than

the regular unemployment rate – by between 65-85%. Right now it's 79% higher. In other words, the so called real unemployment rate tells us nothing we wouldn't otherwise know by just looking at the regular unemployment rate.

Others are saying the unemployment rate is down only because people are leaving the labor force. This has resonated lately, because the labor force has contracted by 170,000 in the last two months. But those monthly numbers are volatile and the jobless rate is down 0.9 points from a year ago, during a period when the labor force expanded 780,000, or 0.5%.

One recent claim is that a "real" recovery would have 250,000 jobs per month. This is a made up number which means nothing other than "we aren't there yet." We all want more growth, not less. But, just because the number of new jobs has not reached a non-scientifically based threshold means nothing. Let's not make up reasons to be disappointed when the numbers are getting a little bit better every month.

Some pessimists notice that this past month, a job category for couriers & messengers was up 42,000, so that shows some problems when these jobs disappear next month. But the same temporary pop in couriers & messengers happened last December and job creation accelerated this year. Moreover, don't let that one category deflect attention from the fact that *every* major category of jobs increased in December, from construction and manufacturing to retail and leisure.

We get it. The job market isn't perfect. We wish we were back at 5% unemployment right now and there are plenty of reasons to point fingers and argue that things should, and could, be better. We do that plenty. But using each monthly employment report as a pretext to put forward spurious arguments and vent about our national state of affairs, which we all knew about in the days *before* each report as well, suggests an attempt to politicize the economic data. And as we all know, facts and politics don't always mix very well.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
1-9 / 2:00 pm	Consumer Credit - Nov	+\$7.0 Bil	<b>+\$8.5 Bil</b>		+\$7.6 Bil
1-12 / 7:30 am	Retail Sales - Dec	+0.3%	<b>+0.4%</b>		+0.2%
7:30 am	Retail Sales Ex-Autos- Dec	+0.3%	<b>+0.6%</b>		+0.2%
7:30 am	Initial Claims - Jan 7	375K	<b>370K</b>		372K
7:30 am	Business Inventories - Nov	+0.4%	<b>+0.5%</b>		+0.8%
1-13 / 7:30 am	Int'l Trade Balance - Nov	-\$47.0 Bil	<b>-\$41.8 Bil</b>		-\$43.5 Bil
7:30 am	Export Prices - Dec	??%	<b>+0.3%</b>		+0.1%
7:30 am	Import Prices - Dec	-0.1%	<b>+0.8%</b>		+0.7%
8:45 am	U. Mich. Consumer Sentiment	71.5	<b>71.5</b>		69.9