



Written by [Robert Confer](#) on July 5, 2010

## Under-reporting Unemployment

The June jobs report issued by the Labor Department noted that total employment was down by 125,000 jobs for the month and that the 83,000-worker growth in the private sector was much smaller than expected. Despite the drop in employment, the unemployment rate dropped as well, to 9.5 percent.?



?That illogical statistical anomaly is attributed to the Labor Department's current means of recordkeeping, which discounts so-called discouraged workers. A discouraged worker is someone who has given up looking for work, at least for the time being, because of a lack of prospects. Despite those workers being willing and able to work, government economists do not account for them in the general unemployment statistic, making the dangerous assumption that they have dropped out of the workforce entirely. If they were taken into consideration they would add 1.2 million to the ranks of the unemployed.?

?The generally-accepted unemployment rate also excludes another group of what the Labor Department considers marginally-attached to the workforce. Currently, there are another 1.4 million able-bodied and un-retired Americans who had worked at one time yet have not looked for work for a variety of reasons that, according to the Labor Department, supposedly include scholastic and family responsibilities. Basically, the government considers them disinterested in the workforce, though common sense shows otherwise.?

Accounting for both sets of marginally attached workers there are 2.6 million people who are left out of economic concern. Were their numbers to be added to the general population of job seekers, as they should, total unemployment would rise to 17.2 million, pushing the rate to a staggering 11 percent.

The undercalculation does not end there. A good many non-government economists and those who take an active role in the analysis of private sector trends (financiers, entrepreneurs, business managers, and the like) believe that those who are underemployed should be accounted for. An underemployed individual is someone who, due to economic conditions, is working part-time at was once a full-time job or, in some cases, is working at a job that's a considerable step down in terms of income and/or responsibilities than what was once had as a means to hold him or her over until a better job can be found. There were 8.6 million Americans who fit this bill in June.?

Add the underemployed to the unemployed and the total workforce available or active that is not



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meeting its full potential is 25.8 million. The resultant underemployment/unemployment rate is 15.6 percent.?

That number, although still likely underreported due to the Labor Department's suspect methods of data collection, is closer to what businesses and families are feeling as they try to make ends meet. It's painful having 9.5 percent of the workforce unable to actively participate in the marketplace through the production and delivery of goods and services, respectively, the exchange of wages and the application of those wages to the economy. But, it has seemed throughout the entire recession that the job rolls were even worse off than what was advertised. It has been, based upon the extended analysis of what should constitute labor statistics. Having nearly 26 million Americans (and their families) either possessing very little discretionary income or none at all is a real downer on the further development of the private sector and, as some would argue, the public sector as well through lesser tax revenues.

?The federal government knows that the job market's health is more hazardous than it lets on. Yet, it openly manipulates the data in its message to the masses to paint a prettier picture. This deliberate act is entirely political in nature, a means of saving face for, one, the unconstitutionally oversized and unaccountable executive branch and its myriad agencies and departments that infringe on the free markets and, two, the elected officials who choose to inappropriately meddle in economic affairs through the creation and application of legislation that inhibits capitalism. They know full well that everything they do constricts employment growth more than any private-sector issue ever could. They don't want it known that recent gimmicks in federal and global governance (like altruistic real estate financing, Medicare expansion, unconstitutional wars, bailouts, financial reform, the green movement and Obamacare, to name a few) have created and will maintain a double-digit unemployment rate.?

By making unemployment appear lower than it is — and even decreasing its reported month-to-month value despite reality — the powers-that-be ensure that the media deliver a message that keeps a majority of Americans on their side and clamoring for more government intervention by making them believe that all previous regulations and stimuli have been meaningful and successful.?

But, anyone who has been looking for gainful employment, or any business that is trying to reclaim the good old days of only four years ago, knows better. They can see through the lies and understand too well that unemployment is underreported. Hopefully, it's their truthful tales of struggle and economic misfortune (not those of Congress or the Obama Administration which cite the contrary) that resonate at the polls come November, sending the message that our economy can be reenergized only through less federal intervention and, subsequently, a more active and robust private sector.?



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