



Written by [Thomas R. Eddlem](#) on May 9, 2009

Unemployment Smoke and Mirrors

Viewing such statistics superficially, it appears that the recession is softening. But is that really the case? “In April, job losses were large and widespread across nearly all major private-sector industries,” the Labor Department’s Bureau of Labor Statistics, which released [the data](#), noted in a dismally honest press release, adding: “Overall, private-sector employment fell by 611,000.”

So how can the Bureau of Labor Statistics say there were 611,000 jobs lost in the private sector, but only a net loss of 539,000 non-farm jobs? There are three possible measurable factors in the 72,000 discrepancy in the figure. One, it’s possible that 72,000 farm employees lost their jobs. But that would be unlikely, as it amounts to about 10 percent of all hired farm labor nationwide, [according to the National Agricultural Statistics Service](#). As of February of this year, farm labor was up two percent over the same month in 2008. Farm unemployment is not the reason for the discrepancy.



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It’s also possible that many people have given up finding a job in such a market. Examples could include laid off new mothers who decide to try living on a single income while raising their families. But that is not what happened, according to [Bureau of Labor Statistics data](#) released this week. To the contrary, more people are seeking work, often with both parents in a family seeking work as the primary breadwinner is laid off.

The final possibility is that federal government employment was in a bull market over the past month, and that government is responsible for most of the 73,000 job loss difference. “Over the month, federal government employment rose by 66,000,” [reports the Denver Business Journal](#), “mainly due to hiring of temporary workers in preparation for Census 2010.”

So the real private sector economy really did shed more than 600,000 jobs last month. It’s just that the federal government’s borrowing policies have put more employees temporarily on the payroll because of the Census and “stimulus” spending bills.

It’s indeed quite possible that the recession has nearly bottomed out, and President Obama’s words about news being “somewhat encouraging” could eventually mesh with reality. But it’s also possible that the actual job hemorrhaging will continue throughout the year, and unemployment rates will especially skyrocket after temporary “stimulus” and Census jobs evaporate once the money runs out.



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It's far too early to tell.

Obama shouldn't be trusted when it comes to the accuracy of his predictions. President Obama's budget, submitted just two months ago, [predicted](#) that the average unemployment level for 2009 would be just 8.1 percent. And it's already 8.9 percent in April, and still rising.

All Americans should hope that Obama's optimistic prediction is correct, even though realists must accept the fact that Obama's overly hopeful economic assumptions in his budget were merely smoke and mirrors designed to hide the enormity of his multi-trillion dollar deficit borrowing. Realists must see that the government deficit spending bubble, begun under Bush and expanded under Obama, is no different from the real estate bubble. It will have to burst at some point. And when that happens — when the "stimulus" money is spent and gone — unemployment will be adjusted higher than the 0.4 percent it increased in April.



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