



Problems for Friday's Jobs Report: Political and Meteorological

On Monday the Bureau of Labor Statistics (BLS) said it was [doing everything it could](#) to make sure that Friday's jobs report - the last one before the election - would come out on time, despite Hurricane Sandy.

The BLS is still smarting from attacks over its last report, which showed an increase of 114,000 jobs in August, and a consequent drop in the unemployment rate from 8.1% to 7.8%. This was just too convenient to many observers. Jack Welch, former CEO of General Electric, [tweeted](#): "Unbelievable jobs numbers ... these Chicago guys will do anything ... can't debate so change numbers." Welch was referring to the volatility of the month-to-month reports from the BLS and the clear suspicion that, under the influence of his Chicago network (see Trevor Loudon's [Barack Obama and the Enemies Within](#)), Obama was manipulating the numbers to offset his stunning collapse in his first presidential debate.

Even Jilian Fama, writing for *ABC News*, said:

The drop in the unemployment rate came just in time for President Obama as he and GOP rival Mitt Romney are in the midst of a series of three presidential debates which heavily focus on job creation and the economy.

Congressman Allen West (R-Fla.) was more blunt:

Today's jobs report is confusing to say the least. Previous months' numbers have been revised and yet the workforce participation rate remains at a 30 year low. The unemployment rate drops to 7.8 percent; that is where it was in January 2009 when the President took office.

But the U6 computation of unemployed, underemployed, and discouraged Americans remains the same at 14.7 percent. I agree with former GE CEO Jack Welch: Chicago style politics is at work here.

Somehow by manipulation of data we are all of a sudden below 8 percent unemployment, a month from the Presidential election.

President Obama's head of his Council of Economic Advisors, Alan Krueger, acknowledged that the BLS report is volatile and can't be relied upon:

As the administration stresses every month, the monthly employment and unemployment figures





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can be volatile, and employment estimates can be subject to substantial revision.

Therefore, it is important not to read too much into any one monthly report and it is informative to consider each report in the context of other data that are becoming available.

In defending the bureau's attempt to stay clean and pure and avoid any such suspicion that either the weather or politics would influence Friday's numbers, Cheryl Abbot, an economist working out of the BLS's Dallas office, said: "This type of stuff we don't do from home. They've got to be in one particular room that's basically roped off" in order to keep the data secure and safe from outside influences. Politics isn't "going to play into it at all. It's just going to be a matter of if our people can get into the office and do the work required."

This contradicts the conclusion Thomas Stapleford made in his book, [The Cost of Living in America: A Political History of Economic Statistics, 1880-2000](#). In her review of his book, Lizabeth Cohen wrote "Stapleford masterfully shows that the process of determining what it cost to live in America was actually deeply political and contested over the course of the twentieth century. Who was doing the counting, with what measures, and to what ends made all the difference."

This is precisely the point John Williams, an economic consultant who runs [ShadowStats.com](#) made a few days after the September jobs report came out. In an interview with J.T. Long of The Gold Report, Williams remarked:

In [reviewing] this one, I raised the possibility of politics as a factor. The problem is [a] very serious misreporting of the numbers and the result is what appears to be a bogus unemployment rate. The BLS reported a drop in the unemployment rate from 8.1% to 7.8%, three-tenths of a percentage point, which runs counter to what is being experienced in the marketplace...

Last December, when the BLS put the seasonal adjustments on a consistent basis for the year, as it does once per year, the November 2011 unemployment rate had just been reported as showing four-tenths of a percentage point drop - an unusually large monthly decline that never took place. When revised to a consistent basis, the drop in headline November unemployment [was] revised to two-tenths of a percent.

That is a big change. I think something like that happened here.

The Gold Report: Do you think the unemployment rate was manipulated on purpose or did the bad economy just make the reporting more confusing?

JW: It could have been manipulated. I do not know and do not have direct evidence of current political massaging of the data.

I know for certain that there have been direct political manipulations by different administrations since the days of President Lyndon Johnson involving various data sets that have included the gross domestic product (GDP), the trade numbers and the employment and unemployment numbers...

The [Obama] administration is using seriously flawed data, and the reporting and calculation process has the potential for manipulation. The timing of the announcement of such a big downside swing in unemployment certainly is a fortuitous circumstance for the administration's political needs.

Assuming that the bureau is able to gather the data from its various sources around the country in time for the secret meeting in its locked-down conference room, it's still going to have to battle the loss of



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credibility it has suffered over the years. The coincidence of Hurricane Sandy and Tuesday's national elections are likely to be too much to overcome when the report does come out.

Credibility, once lost, is nearly impossible to regain. As Williams expressed it:

Main Street U.S.A., however, has a much better sense of the economic reality than do the government's economic statisticians. If the headline unemployment rate is not as advertised, a goodly portion of the public will not buy it. Past experience has shown gimmicked reporting often backfiring on the manipulators.

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