

# Why U.S. Unemployment Jumped Sharply in March

by Richard Freeman

According to the Department of Labor's Bureau of Labor Statistics' March 2002 data released on April 5, U.S. unemployment leapt by 220,000 workers, rising from 7.891 million in February, to 8.111 million in March. This is the highest number of unemployed in four months, and the increase refutes the Bush Administration and economic experts' "recovery is at hand" mantra. These "experts'" consensus had been that unemployment in March would fall, but were it to rise, it would be by a small amount. The administration still issued lies that the unemployment picture had improved.

The BLS also reports that the official unemployment rate rose from 5.5% in February to 5.7% in March, the highest rate since December 2001.

The BLS report means that the official number of unemployed has increased by 2.05 million workers since March 2001. The scythe of unemployment has struck the manufacturing sector with great force, and in March manufacturing unemployment rose by 38,000 workers. As **Figure 1** shows, since July 2000, 1.723 million manufacturing payroll jobs have been eliminated. Moreover, of those who work in the manufacturing sector, it is manufacturing production workers—those who alter nature to our benefit—who are being lost disproportionately, not those employed in sales, as clerks, as engineers, etc. Since July 2000, the economy has eliminated 1.416 million *production manufacturing* workers' jobs.

Thus, for 20 consecutive months, the number of manufacturing workers in general, and production manufacturing workers in particular, who have lost jobs, has risen each and every month. This is a most perverse sort of "recovery." Usually, in a recovery, one expects economic growth. In this one, in March, official unemployment rose by nearly a quarter-million, and the number of manufacturing jobs lost has risen for 20 months unbroken. (When real unemployment is measured by *EIR*'s method, as opposed to BLS official figures, it is much higher.)

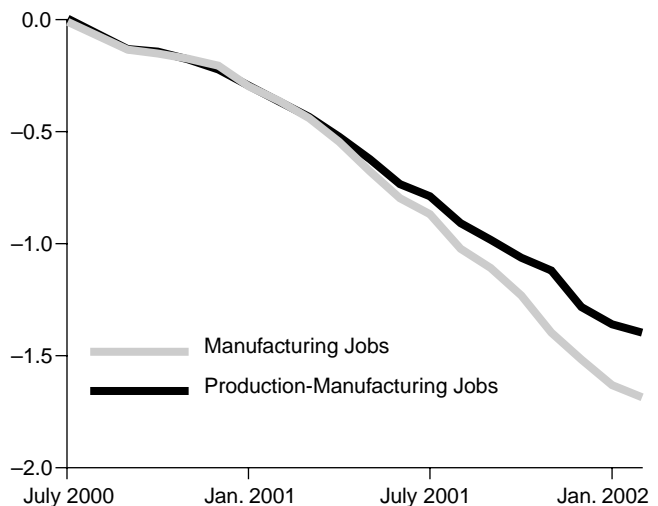
## Bush Administration Deception

Stung by the increase in the BLS's official number of unemployed, the Bush Administration dug through the BLS figures, and deployed its chairman of the Council of Economic Advisers (CEA), Glen Hubbard, to disclaim the reality: The increase in unemployment did not really happen, if looked at while standing on one's head. Hubbard ham-fistedly cited a purported increase in the number of workers in non-

FIGURE 1

## Cumulative Loss of Manufacturing and Production-Manufacturing Jobs Since July 2000

(Millions of Jobs)



Sources: Bureau of Labor Statistics of the U.S. Department of Labor; *EIR*.

agricultural employment by 58,000 in March, over February, according to the BLS' "establishment survey" series.

There are a number of fraudulent features involved here, but three are immediately relevant. First, in February, the BLS had likewise reported an increase in employment of non-agricultural workers—by 66,000—only to most recently revise that February figure down from plus 66,000 to minus 2,000. There is no way to tell whether March's alleged increase of 58,000 workers in non-agricultural employment, won't be revised downward next month.

Second, of the supposed 58,000 increase in non-agricultural employment in March, 37,000 was accounted for by an increase in government jobs. And third, since, according to BLS figures, unemployment rose in March, and at the same time, by the "household survey" series, employment fell, one must suspect that something might have been done to get employment, by the "establishment survey" series, to rise.

In a Reuters story on April 5 entitled "White House Official Upbeat on Economy," CEA chairman Hubbard described as "very positive" the 58,000 increase in nonagricultural employment by the "establishment survey" series, and further praised the fact that there was an increase of 69,000 temporary workers hired in March. Amazingly, he said that since during March, "only" 38,000 manufacturing jobs were lost.

Thus, the Bush Administration, unwilling to admit there is no recovery—even while the President will not say publicly that there is one—proceeds in an assault against reality.