

**THE U.S. EMPLOYMENT PARADOX:
NUMBERS PROVE**

In the study of logic – a science that deals with the principles and criteria of the validity of inference and demonstration – one learns about the logical fallacy, commonly called, today: ‘*Numbers Prove*’.

Simply put, this logical fallacy states that statistics (or numbers) may be employed to prove something – or, absolutely, nothing.

Zeno, the Greek philosopher and mathematician who lived for 65 years, dying in 430 BCE, became well known for employing logical fallacies and his, now famous, The Achilles Paradox, is a classic example.

This logical fallacy was aimed at proving that a slower moving object may never be passed by a faster moving one.

His Arrow Paradox is, today, almost as famous as his Achilles Paradox. It aims to demonstrate that a moving object is, actually, not moving at all, but ‘*is at rest*’.

Last Friday, The Commissioner of The Bureau of Labour Statistics for the US Government, Dr Erica L. Goshen, announced her Bureau’s findings in respect of the US unemployment level for the month of January.

She said, *inter alia*:

1. Nonfarm payroll employment increased by 157,000 in January;
2. The unemployment rate (in the US) ‘*was essentially unchanged at 7.90 percent*’;
3. In 2012, job gains averaged 181,000 per month;
4. In January, employment rose in the retail trade, construction, healthcare and wholesale trade; and,
5. In January, employment fell in transportation and warehousing.

At Paragraph Three of her Statement, Dr Goshen said:

‘Construction employment increased by 28,000 in January. Since reaching a low in January 2011, construction employment has grown by 296,000, with one third of the gain occurring in the last 4 months.

‘However, the January 2013 level of construction employment remained about 2 million below its previous peak in April 2006.’

And so the good doctor’s report continues with one statistic after another until one reads:

‘... the unemployment rate, at 7.9 percent, and the number of unemployed persons, at 12.3 million, were essentially unchanged over the month (of January). The unemployment rate has shown little or no change since September ...’.

All kinds of bullish statements were uttered by US stockbrokers, following the release of The Bureau’s findings, and up rose the key indices of the world’s largest and most-influential equity market.

But all of those bullish proclamations, uttered by loud-speaking, self-seeking stockbrokers, such as, *'The worst is over, boys and girls'* and *'We have climbed out of the economic hole'*, failed to take into account quite a number of factors, many of which could be seen as being dichotomous to the statements of The Bureau.

Included in the facts, spelled out by The Bureau, was that the unemployment rate in the US for last January was virtually unchanged since September of 2012.

The following is copied from the archives of The Bureau and indicates, in percentages, the unemployment situation in the US for the periods shown, covering ten years and one month:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2003	5.8	5.9	5.9	6.0	6.1	6.3	6.2	6.1	6.1	6.0	5.8	5.7
2004	5.7	5.6	5.8	5.6	5.6	5.6	5.5	5.4	5.4	5.5	5.4	5.4
2005	5.3	5.4	5.2	5.2	5.1	5.0	5.0	4.9	5.0	5.0	5.0	4.9
2006	4.7	4.8	4.7	4.7	4.6	4.6	4.7	4.7	4.5	4.4	4.5	4.4
2007	4.6	4.5	4.4	4.5	4.4	4.6	4.7	4.6	4.7	4.7	4.7	5.0
2008	5.0	4.9	5.1	5.0	5.4	5.6	5.8	6.1	6.1	6.5	6.8	7.3
2009	7.8	8.3	8.7	9.0	9.4	9.5	9.5	9.6	9.8	10.0	9.9	9.9
2010	9.8	9.8	9.9	9.9	9.6	9.4	9.5	9.5	9.5	9.5	9.8	9.3
2011	9.1	9.0	8.9	9.0	9.0	9.1	9.0	9.0	9.0	8.9	8.6	8.5
2012	8.3	8.3	8.2	8.1	8.2	8.2	8.2	8.1	7.8	7.9	7.8	7.8
2013	7.9											

As is clearly evident, since September of 2012, there has been, absolutely, no respite in respect of the unemployment situation in the largest, single economy of the world.

In August of last year, the number of unemployed workers in the US was about 12.50 million.

In the latest release from The Bureau, the number of unemployed workers stood at 12.30 million.

The above numbers of the unemployed, however, does not accurately account for those workers who, for one reason or another, have given up, looking for work.

The January release of Dr Goshen states:

‘Among persons who were neither working nor looking for work in January, 2.40 million were classified as marginally attached to the labor force, down 366,000 from a year earlier.

‘These individuals had not looked for work in the 4 weeks prior to the survey but wanted a job, were available for work, and had looked for a job within the last 12 months.

‘The number of discouraged workers, a subset of the marginally attached, was 804,000 in January, down by 255,000 from a year earlier.’

In the US, quite a number of people enters the workforce, annually. Of the categories of people, entering the workforce, immigration is said to be the most volatile, according to the US Government’s Census and Statistics Bureau.

This department of the US Government has gone on record, stating, among other things:

‘Net immigration to the United States is expected to add 1.4 million people annually to the U.S. resident population. This figure is a sharp increase over the roughly 800,000 immigrants per year projected in 2004 by the Census Bureau’s previous long-term projections of the resident population. As the projected number of immigrants to the United States nearly doubles, a substantial change will occur in both the size and composition of the population ...’.

On the assumption that The Census Bureau’s is somewhere near the mark, it suggests a monthly increase to the US resident population, from immigration, alone, of about 116,666.

The Census Bureau makes no bones when it states:

‘The immigration assumption is a major determinant of population projections and plays a significant role in the growth and composition of the labor force.’

In its Employment Outlook, The Census Bureau has forecast:

‘The labor force is projected to increase by 10.5 million during 2010–2020. This growth projection is based on the dynamic changes that underlie the movement of workers into and out of the labor force. From 2010 through 2020, changes in the workforce are projected to emerge from three dynamic groups:

- Entrants: those who were not in the labor force in 2010, but who will enter during the 2010–2020 period and will continue to be part of the labor force in 2020.*
- Leavers: those who were in the labor force in 2010, but who will leave during the 2010–2020 period and will not be in the labor force of 2020.*
- Stayers: those who were in the labor force in 2010 and who will remain in it through 2020.’*

There is, of course, quite a number of other factors that boost monthly entrants into the US workforce and school leavers, being either those students who have dropped out of schools or those who have finished their formal education, are, naturally, among those factors.

It has been estimated that, all of the above and more, about 150,000 workers enter the US workforce, monthly.

So, in conclusion, that increase of 157,000 jobs for the month of January, while being positive, no doubt, is not all that it is cracked up to be, is it?

Hold onto your knickers, the show is not over, yet!

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