

February 18, 2017 – TOLD YOU SO - II

After our post on the Bureau of Labor Standard's unemployment reports, a reader and good friend wrote; "You need more than what you wrote to credibly attack the BLS. Have you any thing more?" In fact there is much more but it is poorly organized and hard to understand. We have selected three items that address how the BLS reports are produced

You will learn something about how the reports are created, and you will also learn the numbers are very easy to manipulate. The key thing to remember is the manipulation always favor one political party. It is important to know the labor reports are a product of 60,000 interviews conducted by the Census Bureau every month in contract for the Dept. of Labor.

We have a NY Post article contemporaneous (**November 18, 2012**) to the 2012 "miracle" when the unemployment rate dropped to 7.8%. The article was titled Census 'faked' 2012 election jobs report.

In the home stretch of the 2012 presidential campaign, from August to September, the unemployment rate fell sharply — raising eyebrows from Wall Street to Washington.

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To cite just one instance, the Fed is targeting the curtailment of its so-called quantitative easing money-printing/bond-buying fiasco to the unemployment rate for which Census provided the false information.

So falsifying this would, in essence, have dire consequences for the country.

On the same day as the NY Post article above and working with it, Zero Hedge's Tyler Durden posted on the BLS report.

*On Friday October 5, 2012, the BLS released what was arguably the most important report of Obama's first term: the final jobs number, and unemployment rate before the November 2012 presidential election. As so many predicted, it "plunged" from 8.1% to 7.8% allowing the president to conduct countless teleprompted speeches praising the success of his economic recovery. It also served as the basis for the infamous Jack Welch tweet: **"Unbelievable jobs***

numbers..these Chicago guys will do anything..can't debate so change numbers" and prompted the pro-Obama media to quickly brand all those who questioned it as conspiracy theorists. ...

Four years later in October 2016, Tyler Durden takes exception to the retiring president's star turn on job creation. This suffers from the lack of an editor, but there are many nuggets of information here. However, you will come to understand why this was not included originally.

Bismarck's dictum "mankind should not see how laws and sausages are made" will ring true as you read this. But remember when we started we saw how the BLS produced reports that were always favoring the Democrat party.
... So, before President Obama takes his final victory lap with claims of creating the most robust employment recovery since the 1990's, the data clearly suggests otherwise.

Of course, if you ask the 37% that are no longer counted as part of the labor force, they will tell you the same thing. ...

In a similar vein, Matthew Continetti addresses the issue of who is going to run the government. He starts with Gen. Flynn's troubles and then shows how, what some have called the 'deep state,' is trying to wrest control of the government from the people we elected.

... Nor is Flynn the only example of nameless bureaucrats working to undermine and ultimately overturn the results of last year's election. According to the New York Times, civil servants at the EPA are lobbying Congress to reject Donald Trump's nominee to run the agency. Is it because Scott Pruitt lacks qualifications? No. Is it because he is ethically compromised? Sorry. The reason for the opposition is that Pruitt is a critic of the way the EPA was run during the presidency of Barack Obama. He has a policy difference with the men and women who are soon to be his employees. Up until, oh, this month, the normal course of action was for civil servants to follow the direction of the political appointees who serve as proxies for the elected president.

How quaint. These days an architect of the overreaching and antidemocratic Waters of the U.S. regulation worries that her work will be overturned so she undertakes extraordinary means to defeat her potential boss. But a change in policy is a risk of democratic politics. Nowhere does it say in the Constitution that the decisions of government employees are to be unquestioned and preserved forever. Yet that is precisely the implication of this unprecedented protest. "I can't think of any other time when people in the bureaucracy have done this," a professor of government tells the paper. That sentence does not leave me feeling reassured. ...

... The last few weeks have confirmed that there are two systems of government in the United States. The first is the system of government outlined in the U.S. Constitution—its checks, its balances, its dispersion of power, its protection of individual rights. Donald Trump was elected to serve four years as the chief executive of this system. Whether you like it or not.

The second system is comprised of those elements not expressly addressed by the Founders. This is the permanent government, the so-called administrative state of bureaucracies, agencies, quasi-public organizations, and regulatory bodies and commissions, of rule-writers and the byzantine network of administrative law courts. This is the government of unelected judges with lifetime appointments who, far from comprising the "least dangerous branch," now presume to think they know more about America's national security interests than the man elected as commander in chief.

For some time, especially during Democratic presidencies, the second system of government was able to live with the first one. But that time has ended. The two systems are now in competition. And the contest is all the more vicious and frightening because more than offices are at stake. This fight is not about policy. It is about wealth, status, the privileges of an exclusive class. ...

NY Post

Census 'faked' 2012 election jobs report

by John Crudele

In the home stretch of the 2012 presidential campaign, from August to September, the unemployment rate fell sharply — raising eyebrows from Wall Street to Washington.

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And the Census Bureau, which does the unemployment survey, knew it.

Just two years before the presidential election, the Census Bureau had caught an employee fabricating data that went into the unemployment report, which is one of the most closely watched measures of the economy.

And a knowledgeable source says the deception went beyond that one employee — that it escalated at the time President Obama was seeking reelection in 2012 and continues today.

"He's not the only one," said the source, who asked to remain anonymous for now but is willing to talk with the Labor Department and Congress if asked.

The Census employee caught faking the results is Julius Buckmon, according to confidential Census documents obtained by The Post. Buckmon told me in an interview this past weekend that he was told to make up information by higher-ups at Census.

Ironically, it was Labor's demanding standards that left the door open to manipulation.

Labor requires Census to achieve a 90 percent success rate on its interviews — meaning it needed to reach 9 out of 10 households targeted and report back on their jobs status.

Census currently has six regions from which surveys are conducted. The New York and Philadelphia regions, I'm told, had been coming up short of the 90 percent.

Philadelphia filled the gap with fake interviews.

"It was a phone conversation — I forget the exact words — but it was, 'Go ahead and fabricate it' to make it what it was," Buckmon told me.

Census, under contract from the Labor Department, conducts the household survey used to tabulate the unemployment rate.

Interviews with some 60,000 household go into each month's jobless number, which currently stands at 7.3 percent. Since this is considered a scientific poll, each one of the households interviewed represents 5,000 homes in the US.

Buckmon, it turns out, was a very ambitious employee. He conducted three times as many household interviews as his peers, my source said.

By making up survey results — and, essentially, creating people out of thin air and giving them jobs — Buckmon's actions could have lowered the jobless rate.

Buckmon said he filled out surveys for people he couldn't reach by phone or who didn't answer their doors.

But, Buckmon says, he was never told how to answer the questions about whether these nonexistent people were employed or not, looking for work, or have given up.

But people who know how the survey works say that simply by creating people and filling out surveys in their name would boost the number of folks reported as employed.

Census never publicly disclosed the falsification. Nor did it inform Labor that its data was tainted.

"Yes, absolutely they should have told us," said a Labor spokesman. "It would be normal procedure to notify us if there is a problem with data collection."

Census appears to have looked into only a handful of instances of falsification by Buckmon, although more than a dozen instances were reported, according to internal documents.

In one document from the probe, Program Coordinator Joal Crosby was asked in 2010, "Why was the suspected ... possible data falsification on all (underscored) other survey work for which data falsification was suspected not investigated by the region?"

On one document seen by The Post, Crosby hand-wrote the answer: "Unable to determine why an investigation was not done for CPS," or the Current Population Survey — the official name for the unemployment report.

With regard to the Consumer Expenditure survey, only four instances of falsification were looked into, while 14 were reported.

I've been suspicious of the Census Bureau for a long time.

During the 2010 Census report — an enormous and costly survey of the entire country that goes on for a full year — I suspected (and wrote in a number of columns) that Census was inexplicably hiring and firing temporary workers.

I suspected that this turnover of employees was being done purposely to boost the number of new jobs being report each month. (The Labor Department does not use the Census Bureau for its other monthly survey of new jobs — commonly referred to as the Establishment Survey.)

Last week I offered to give all the information I have, including names, dates and charges to Labor's inspector general.

I'm waiting to hear back from Labor.

I hope the next stop will be Congress, since manipulation of data like this not only gives voters the wrong impression of the economy but also leads lawmakers, the Federal Reserve and companies to make uninformed decisions.

To cite just one instance, the Fed is targeting the curtailment of its so-called quantitative easing money-printing/bond-buying fiasco to the unemployment rate for which Census provided the false information.

So falsifying this would, in essence, have dire consequences for the country.

Zero Hedge

[The October 2012 Pre-Election Jobs Report Was Faked](#)

by Tyler Durden (Nov 18, 2013)

On Friday October 5, 2012, the BLS released what was arguably the most important report of Obama's first term: the final jobs number, and unemployment rate before the November 2012 presidential election. As so many predicted, it "plunged" from 8.1% to 7.8% allowing the president to conduct countless teleprompted speeches praising the success of his economic recovery. It also served as the basis for the infamous Jack Welch tweet: "**Unbelievable jobs numbers..these Chicago guys will do anything..can't debate so change numbers**" and prompted the pro-Obama media to quickly brand all those who questioned it as conspiracy theorists. The Atlantic did perhaps the most exemplary job in its task to discredit the "random anonymous cranks" who challenged the bullshit spewed by the administration's manipulative economic data reporting apparatus. From *The Atlantic's* [Unemployment Plummets To 7.8%](#).

The unemployment rate [plunged to 7.8 percent in September](#), its lowest level since Barack Obama took office in 2009. In addition, the Bureau of Labor Statistics [made big revisions to data from previous months](#), showing [huge increases in the number of jobs being created](#) over the last three months. Total employment from the "[household survey](#)" also showed an increase of 873,000 jobs last month, the biggest one-month jump since June of 1983.

Not only has the unemployment rate gone down, but the report also undercut one of the key criticisms of previous drops in the number—that it was because the "participation rate" went down. That rate [has actually gone back up](#), which means unemployment is down because

people are actually getting work, not because they've stopped looking. Public sector jobs also went up, as did the average number of hours worked per week.

This report [looks so good for President Obama](#) that conspiracy theorists are already alleging that the fix is in. And not just random anonymous cranks, but supposedly serious business people, like former General Electric CEO Jack Welch.

Unbelievable jobs numbers..these Chicago guys will do anything..can't debate so change numbers

— Jack Welch (@jack_welch) [October 5, 2012](#)

[He wasn't alone:](#)

No, there's nothing at all curious about the last jobs report diving to 7.8% unemployment before the election.

— Keith Urbahn (@keithurbahn) [October 5, 2012](#)

Total data manipulation. Such a farce

— zerohedge (@zerohedge) [October 5, 2012](#)

Rick Santelli of CNBC, noting that the rate has dropped below [the magical number of 8 percent](#), said, "You can let America decide how they got there." When one side is convinced that something smells rotten, you know it's good news for the other guy.

As we noted his comment at the time...

"the current trend of these [jobs] numbers is so different from the current trend of any other numbers. If you were looking for conspiracies (and I'm not), you only need to change a certain number."

Of course, who cares if the "conspiracy theories" were substantiated by actual data. [Such as the following from the same day:](#)

An Odd Arima-X-12 Statistical Aberration?

Here's a peculiar statistical aberration:

- Household Survey people employed: +873,000 ([source](#))
- Part-time jobs for economic reasons: +582,000 ([source](#))

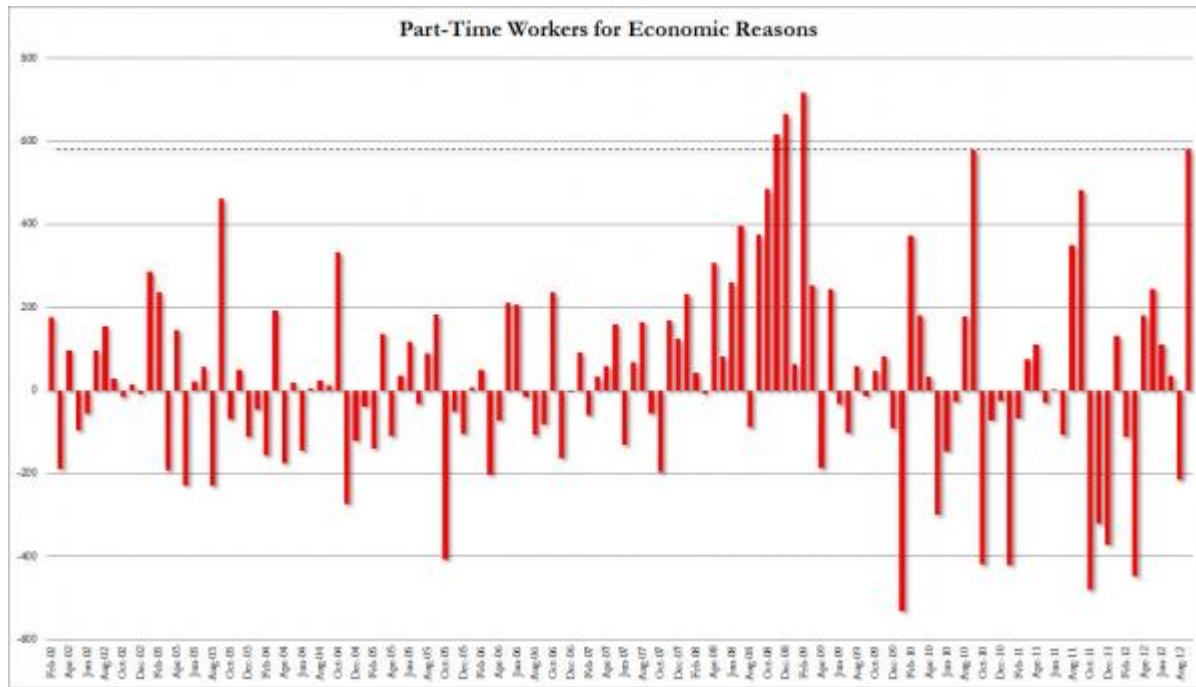
-> 582,000 divided by 873,000 = 0.666666666666*

Aka: precisely two thirds. Whatever are the odds... Goalseeking much [Arima-X-12](#)?

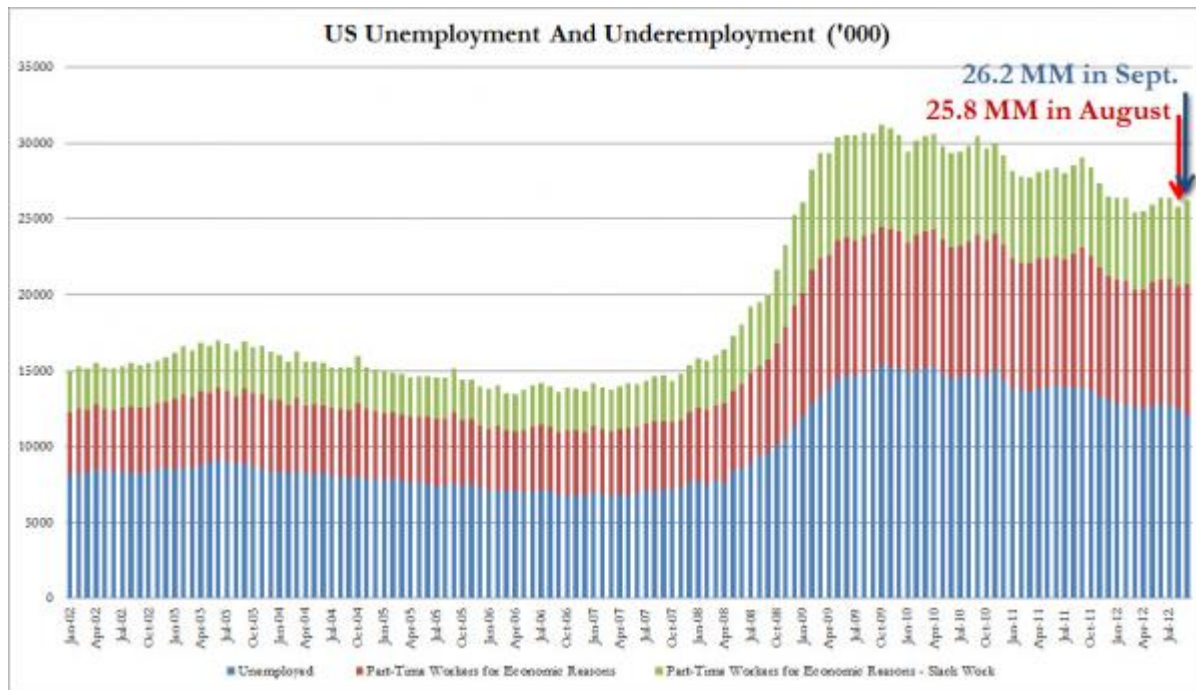
[Or this](#) also from the same day:

Reason For Today's Unemployment Rate Plunge: Part-Time Jobs For Economic Reasons Surge Most Since QE1 Announcement

We already noted the absolutely stunning surge in reported Household Survey jobs which "added" 873,000 jobs, or **the most since 2003** and the second most in the past decade, which was just a little bit off the Household Survey used in the monthly NFP jobs changes, which came at 114,000, or about 8 times less. But what was the reason for this epic jump in Household survey jobs? Simple, and those who have read our series on America's transition to a *part-time worker society* know the answer. The reason is that the number of part-time people employed for economic reasons soared by [582,000 to 8,613,000](#), the most since October 2011, and the largest one month jump since February 2009, when "restoring" confidence in the economy was all the rage... and just before the Fed announced the full blown QE1 in March of 2009. Odd symmetry.



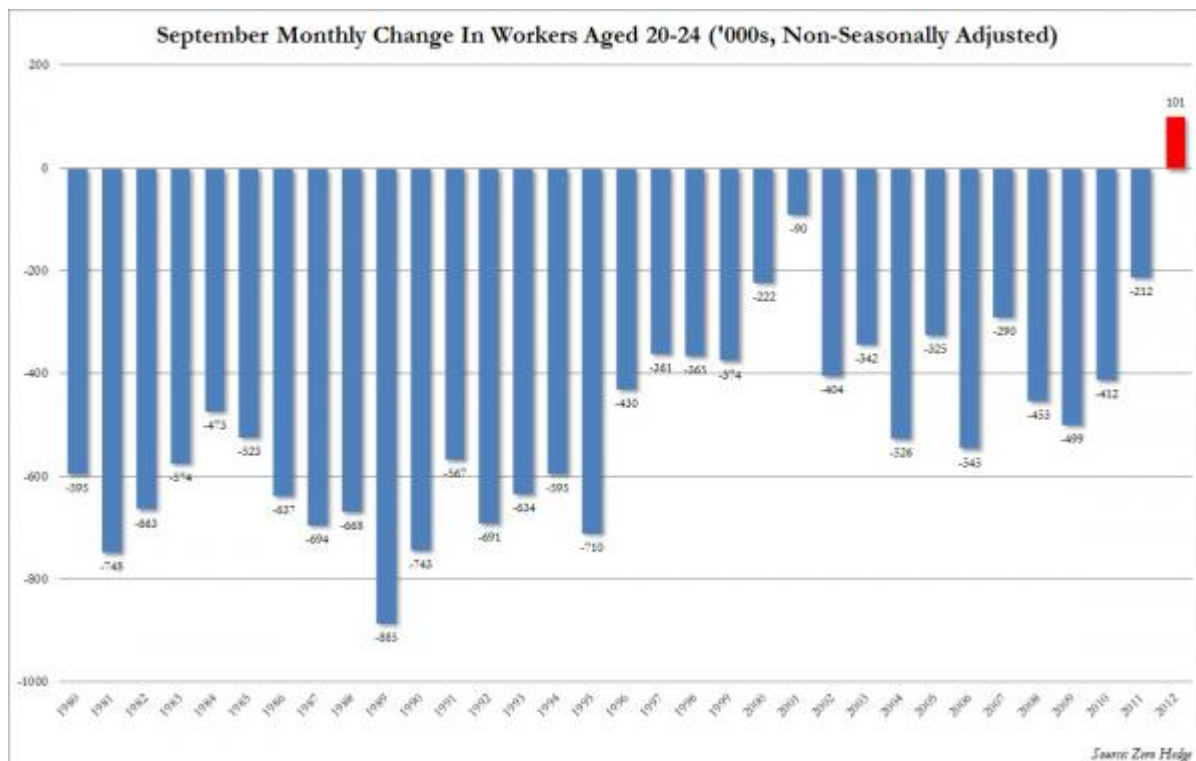
So putting it all together, what does this mean for the true state of the US economy? Recall back in September one of our [Charts of the Day](#) was the number of Unemployed and Underemployed for the month of August, which was 25.8 million. Readers may be surprised to learn that when putting it all together, in September this number increased to 26.2 million.



[Or this](#) also from the same day:

The Strangest Number In Today's Jobs Number

While we already presented the explanation for the dramatic drop in today's unemployment report (almost entirely driven by the [surge in part-time jobs for economic reasons](#), hardly a thing to be proud of as more and more full time jobs, especially those on Wall Street, are a thing of the past, while the transition to a part-time worker society has been documented extensively [in the past here](#)), there is another number that is by far the most perplexing in today's NFP dataset: **that showing the employment of workers in the 20-24 year age category** (both [seasonally adjusted](#) and [unadjusted](#)). See if you can spot the outlier in the chart below.



And many more other such reports posted on this site on the same day, alleging fabrication **which as it turns out courtesy of the just released stunning disclosure by the Post, were absolutely spot on since the number was, you guessed it, manipulated.**

The Post's John Crudele reveals the details on a data manipulation scandal, which we exposed back in October 2012, but this time with the actual "dirty details" that has the potential to be so big, Obama will need to start another YouTube-fabricated, false flag war just to distract from this latest scandal.

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I'm waiting to hear back from Labor.

I hope the next stop will be Congress, since manipulation of data like this not only gives voters the wrong impression of the economy but also leads lawmakers, the Federal Reserve and companies to make uninformed decisions.

Don't hold your breath: the reason is that this particular instance manipulation is merely the tip of the iceberg - since virtually all data out of the BLS is manipulated and fabricated, as we report each and every month, the last thing the legislative and certainly the executive want is to offer the general public a glimpse of just how deep the rabbit hole goes. Because it goes very, very deep.

One can only hope this forces at least some more people to wake up about the sad farce this once great nation has devolved to in its quest to destroy the middle class.

The only real good news, as noted above, is that yet another conspiracy theory is forever cast into the void, and going forward the only thing the random, but manipulated, number generator out of the **Bureau Of Lies And Subterfuge** will be good for, is to prod the just as pathetic HFT algos into a buying frenzy when month after month the economy is painted with rosy brushes, even as millions forever drop out of the labor force, never to return.

Zero Hedge **President Obama's Premature Victory Lap**

by Tyler Durden

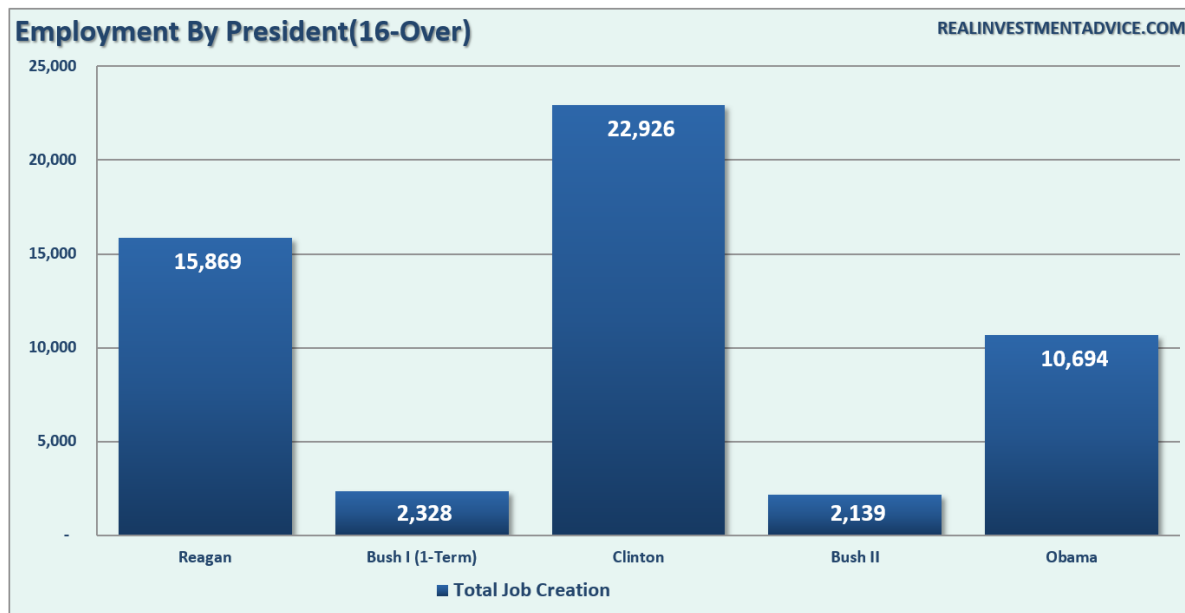
President Obama Creates 15M Jobs

In a [recent op-ed](#) by President Obama for the economist wrote that his team has created a *"more durable, growing economy"* with *"15 million new private-sector jobs since early 2010."*

No. Not Really.

But, hey let's give him, and the mainstream media that recirculated this overly-optimistic spin, an "A" for effort. **The chart below shows the total number of jobs created by each President**

going back to Ronald Reagan. Since the President takes office on January 20th, I have calculated the job gains from February 1st through the end of their Presidency. *(Importantly, President Bush only served one term following Reagan.)*



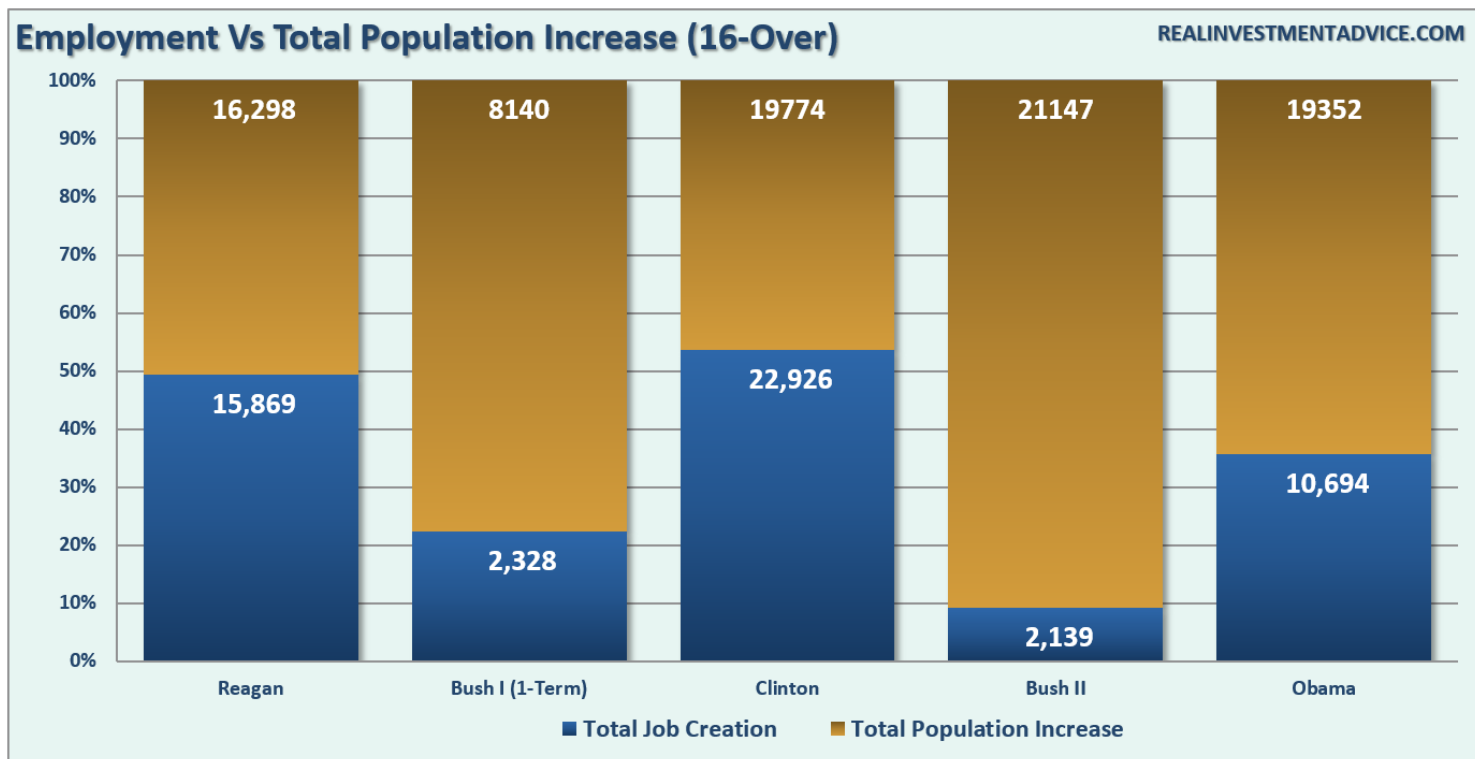
“But, hey, he still created almost 11 million jobs. That’s good, right?”

But even this measure of job-creation is inaccurate for several reasons.

First, the President DOES NOT create jobs but hopefully fosters an economic environment that is beneficial for job growth. **Given the onset of a massive number of additional regulations, the attack by the EPA on companies progress the Administrations “climate change agenda,” higher levels of taxation and higher health care costs due to the Affordable Care Act, it is actually surprising job growth has been as strong as it has.** According [to the NFIB](#), small businesses make up roughly 80% of all businesses that hire employees in the country. **It is difficult for them to hire when their top three concerns are Government Regulations, Taxes and Labor Costs.** *(Note: When labor costs become a rising concern, as they are now, it has generally been a decent leading indicator of a recession.)*

Most likely, had the President not done anything, job growth would have actually been the same or better. This is simply due to the fact that employment increases are affected by increases in the working-age population. **Which brings me to my second point.**

What is never discussed in the monthly job reports are the number of jobs created versus the growth in the working-age population of the country. **This is an important and overlooked concept. If 1-million jobs are gained, but the working-age population gains 2-million, there is a deficit of sufficient job creation to keep up with those needing work.** When comparing job creation to working-age population, a different story emerges.



With the exceptions of Presidents Reagan and Clinton, the working age population has significantly outpaced the level of actual job growth leaving a rising level of individuals unemployed.

Importantly, as opposed to the total labor force calculation, **this measure includes ALL individuals available, and of age, to work.**

It is here that we find the problem with the employment reports. The problem shown above is most often explained away by a rather sweeping statement:

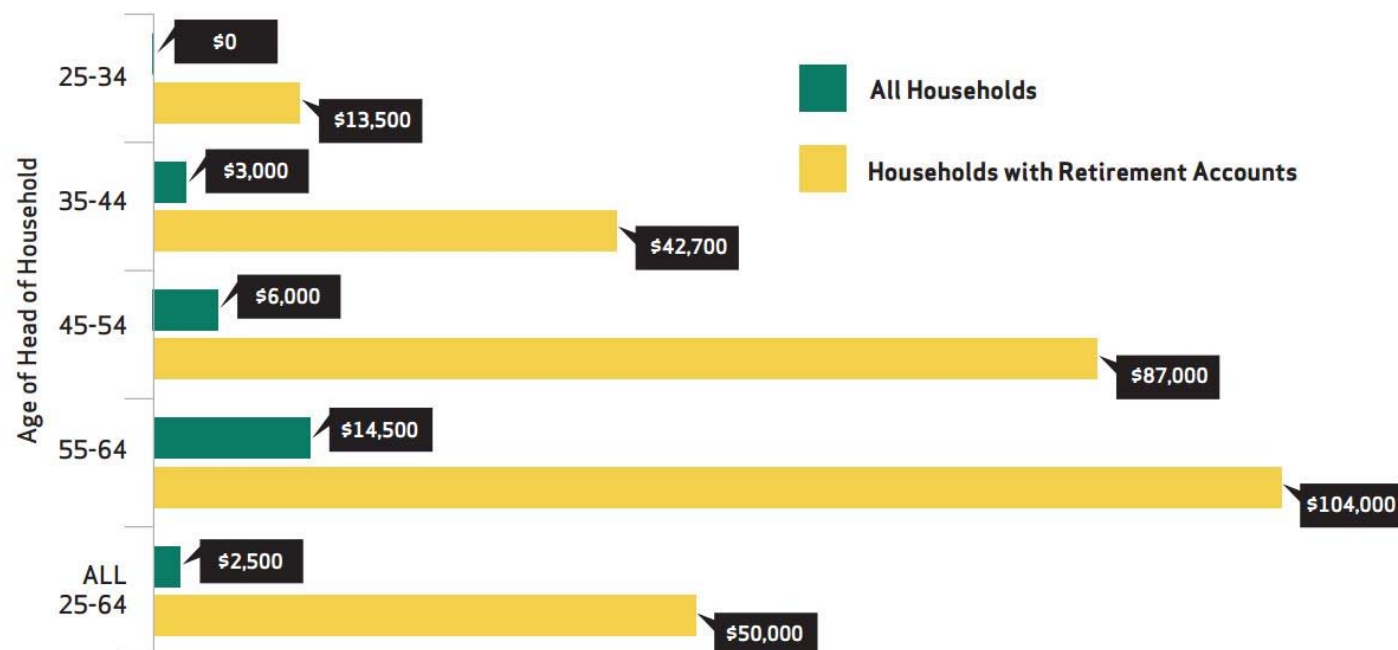
“The problem with the labor force is due to the large number of ‘baby boomers’ retiring.”

As I discussed recently in [“Don't Blame Baby Boomers For Not Retiring.”](#) that argument doesn't fly.

*“This divide is clearly seen in various data and survey statistics such as the recent survey from [National Institute On Retirement Security](#) which showed the typical working-age household has only \$2500 in retirement account assets. **Importantly, ‘baby boomers’ who are nearing retirement had an average of just \$14,500 saved for their ‘golden years.’**”*

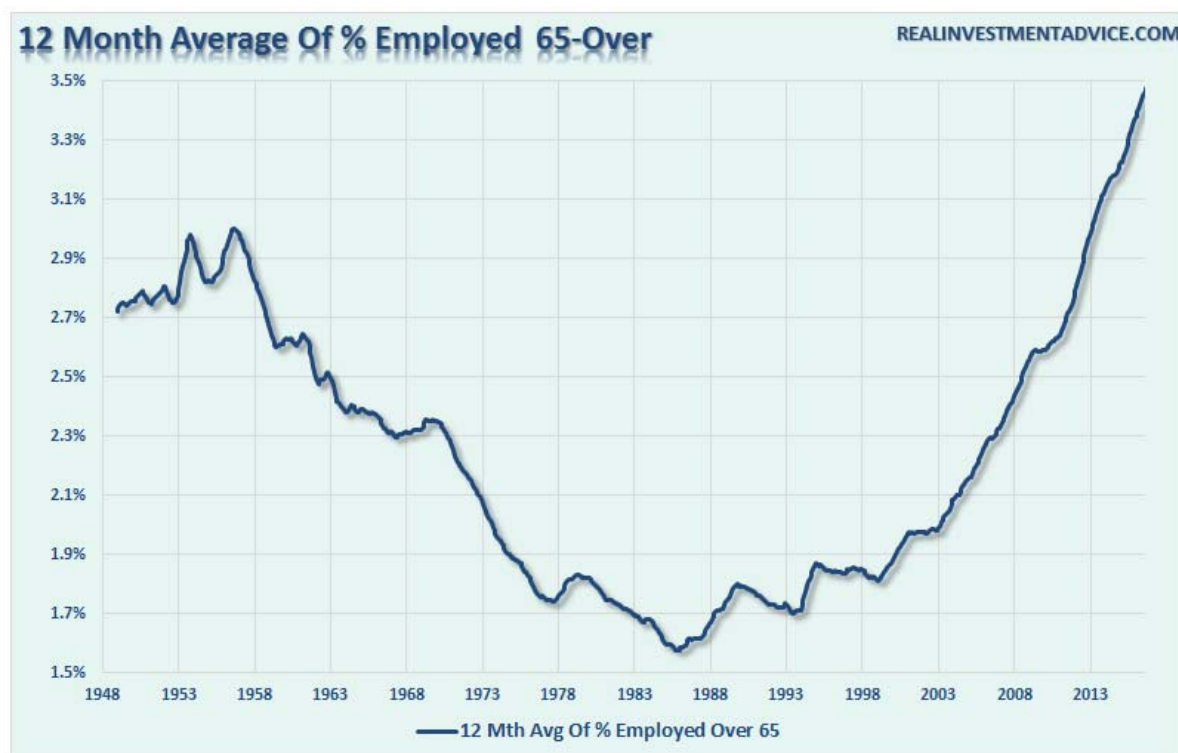
Figure 8: Typical Working-Age Household Has Only \$2,500 in Retirement Account Assets; Typical Near-Retirement Household Has Only \$14,500

Median retirement account balances, households with retirement accounts vs. contingent median account balance for all households, 2013



Source: Authors' analysis of 2013 SCF.

With 24% of “baby boomers” postponing retirement, **due to an inability to retire**, it is not surprising **the employment level of individuals OVER the age of 65, as a percent of the working-age population 16 and over, has risen sharply in recent years.**



This should really come as no surprise as decreases in economic and personal income growth was offset by surges in household debt to sustain the standard of living. **The reality is “baby boomers” are not retiring at a record clip. They simply can’t afford to.**

If You’re Not Counted, Do You Not Count?

The most recent release from the Bureau of Labor Statistics on employment for the month of September was mostly disappointing with fewer jobs created than originally thought. But that begs the question of who is actually counted:

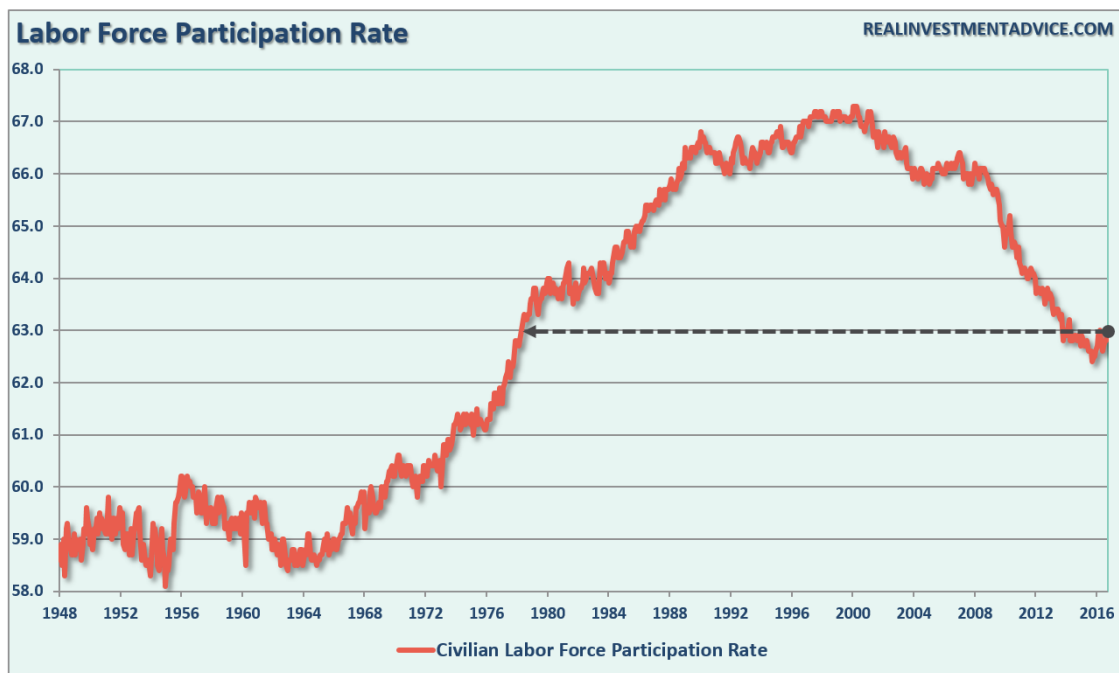
In order to be considered as unemployed by the BLS one must be:

- Unemployed, obviously, **AND**;
- Have **ACTIVELY** looked for work in the prior 4-weeks, **AND**;
- Are currently available for work.

If you do not fit that criterion you are not counted in the “official” employment report known as the U-3 report. Today there are more than 94-million individuals that do not fit the criteria and are simply not counted.

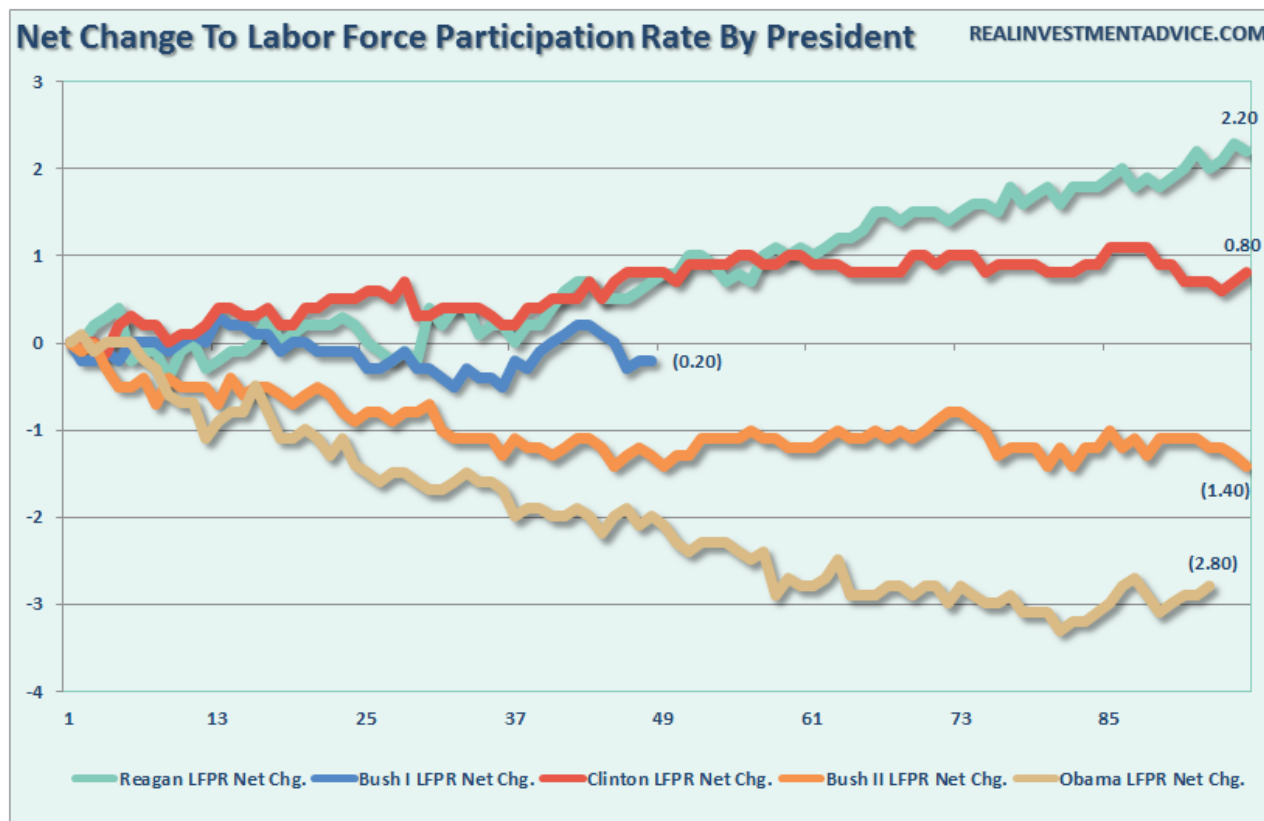
This is where the employment measures get a lot more obscured. As stated, out of the total population of 254,091,000 working-age individuals (*16 and over*) more than 94-million are not counted as part of the labor force currently. **In other words, 37% of the working-age population is excluded from the employment statistics.**

However, **even with the exclusion of 1/3 of those of working-age, the labor-force participation rate, the number of individuals employed versus those counted as part of the labor force is still hovering at the lowest levels since the 1970’s.**



Importantly, there is also a stark difference between today and the 1980-90's where the LFPR was rising versus a steady decline. Demographic trends, structural shifts in the employment makeup, and statistical measures all feed into this phenomenon and there is little data on the horizon which suggests this will change anytime soon.

If we really want to know how each President has fared in creating a better economic environment for average American's, we should measure how they fared in improving the overall participation in the workforce. The chart below shows each President's performance in the monthly net changes of the LFPR.

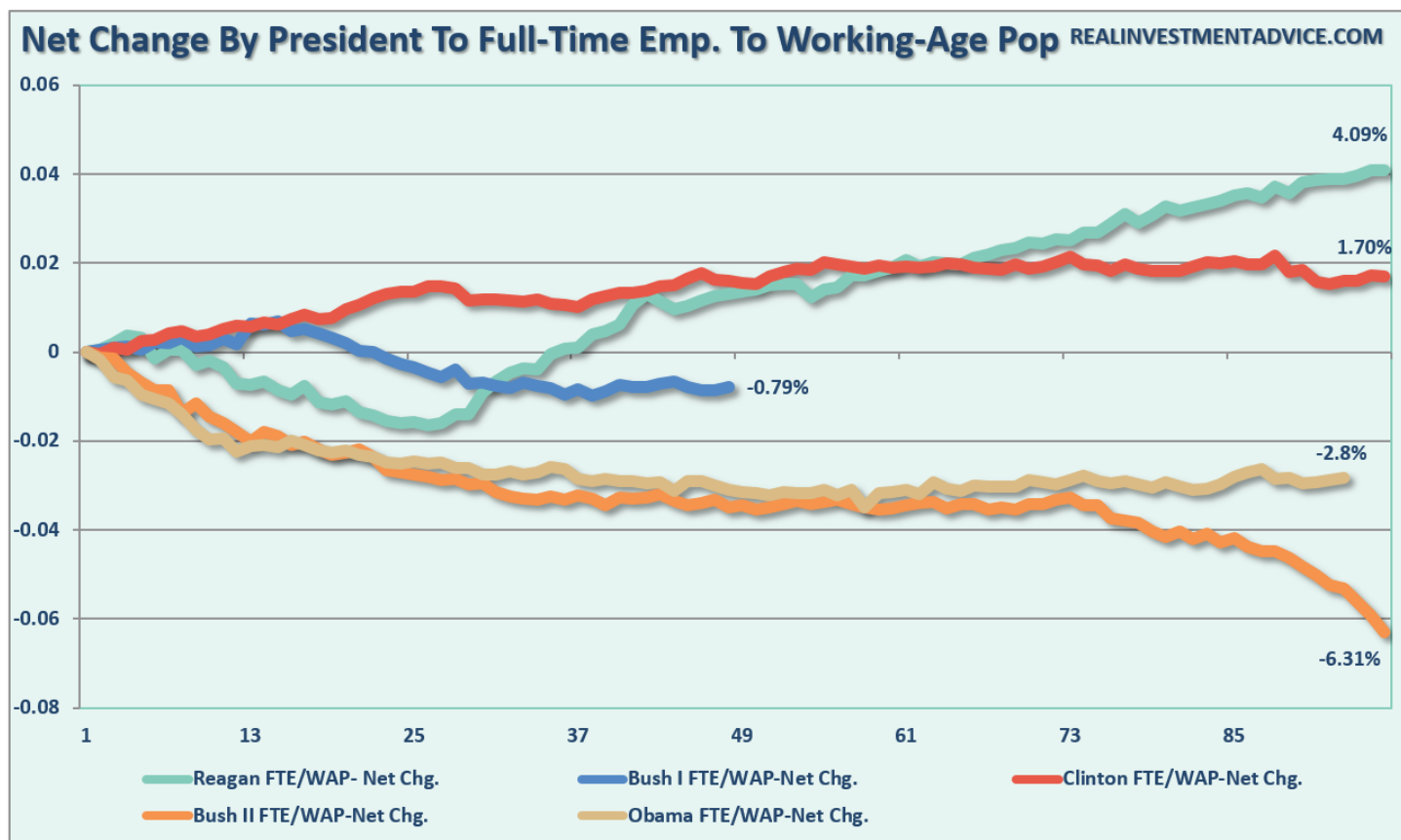


This paints a very different picture about the success of job creation in the country post the last recession. This is particularly the case when:

- 1 out of 5 households has NO ONE employed,
- 1 out of 3 individuals are dependent on some sort of social support program, and;
- Over 20% of personal incomes are comprised of government transfers.

But, despite all of the rhetoric, discussions, debates, excuses and finger-pointing in regards to the latest jobs report; there is only one chart of employment that truly matters: the number of full-time employees relative to the working age population. **Full-time employment is what ultimately drives economic growth, pays wages that will support household formation, and fuels higher levels of government revenue from taxes.**

Since this is a real measure of economic success, we can once again compare each President's performance of the growth of full-time employment under their tenure.



The **“good news”** is that for those that are currently employed – job safety is **high**. Businesses are indeed hiring, but prefer to hire from the *“currently employed”* labor pool rather than the unemployed masses. More importantly, businesses are hiring only enough to keep up the incremental demand of population growth rather than expanding on the assumption of future growth.

This is the **“new normal”** of an economy where real economic prosperity remains elusive as the Federal Reserve’s interventions continue to create a wealth effect for market participants which, unfortunately, is only enjoyed by a small minority of the total population. For the other 80%, it remains a daily struggle to make ends meet.

More Deaths Than Births

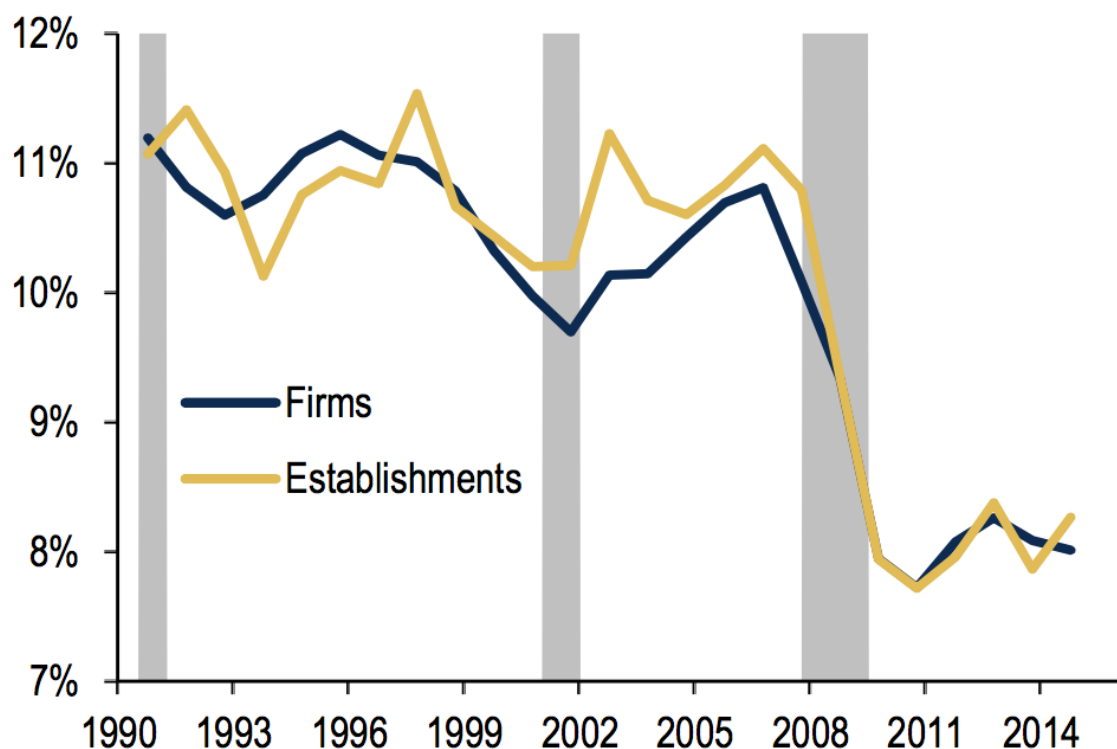
But here is the real problem for President Obama’s victory lap. **IF employment was indeed growing at the fastest pace since the 1990’s**, then wage growth, and by extension, economic growth should be at much stronger levels as well. **That has YET to be the case outside of mandated minimum wage increases.**

However, if the economy was actually growing we should see an expansion of businesses created by entrepreneurs stepping out their own. [As I have addressed previously](#), this has **NOT** been the case.

“Both the formation of firms and establishments, have dropped off precipitously since the financial crisis and remained low.

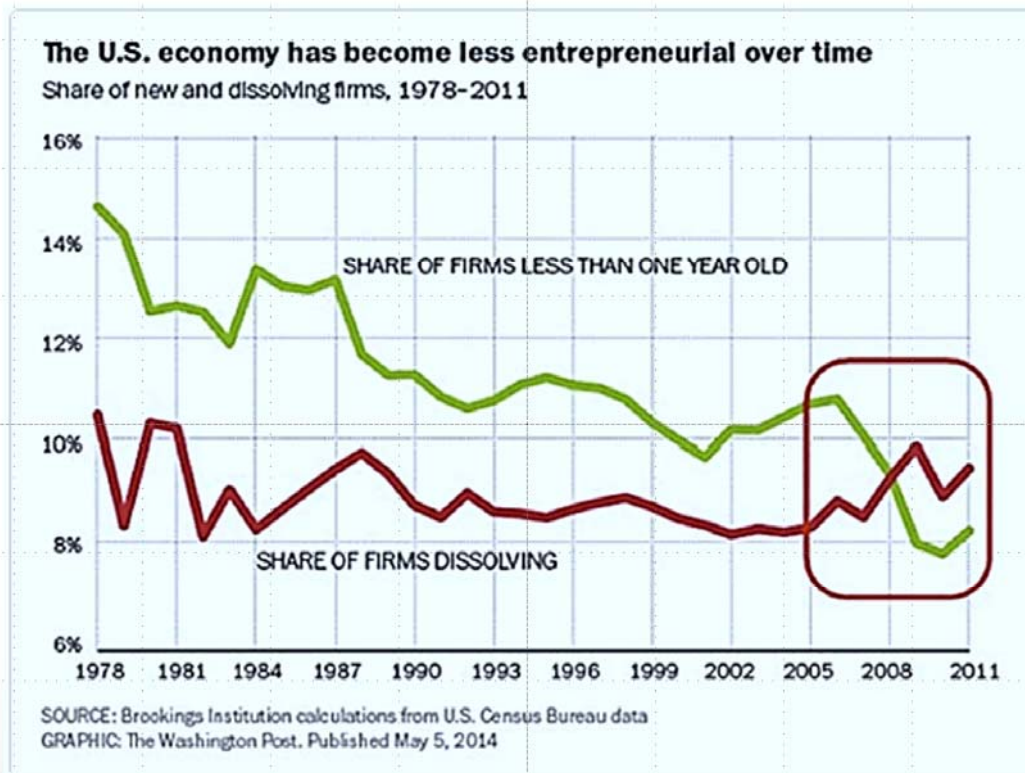
This is important because **new businesses typically hire faster and produce higher levels of productivity than firms that have been around for a while.** Thus the decline in business formation can explain some of the labor market's post-recession problems, and is at least part of the reason for the steep drop in productivity."

Chart 1: Firms and establishment entry rates (% of existing)



Source: BofA Merrill Lynch Global Research, Census Bureau BDS data

This decline in business formation is crucial to the issue of the employment reports. **Part of the reporting problem, which has yet to be corrected by the BLS, is the continued overstatement of jobs through the "Birth/Death Adjustment."**

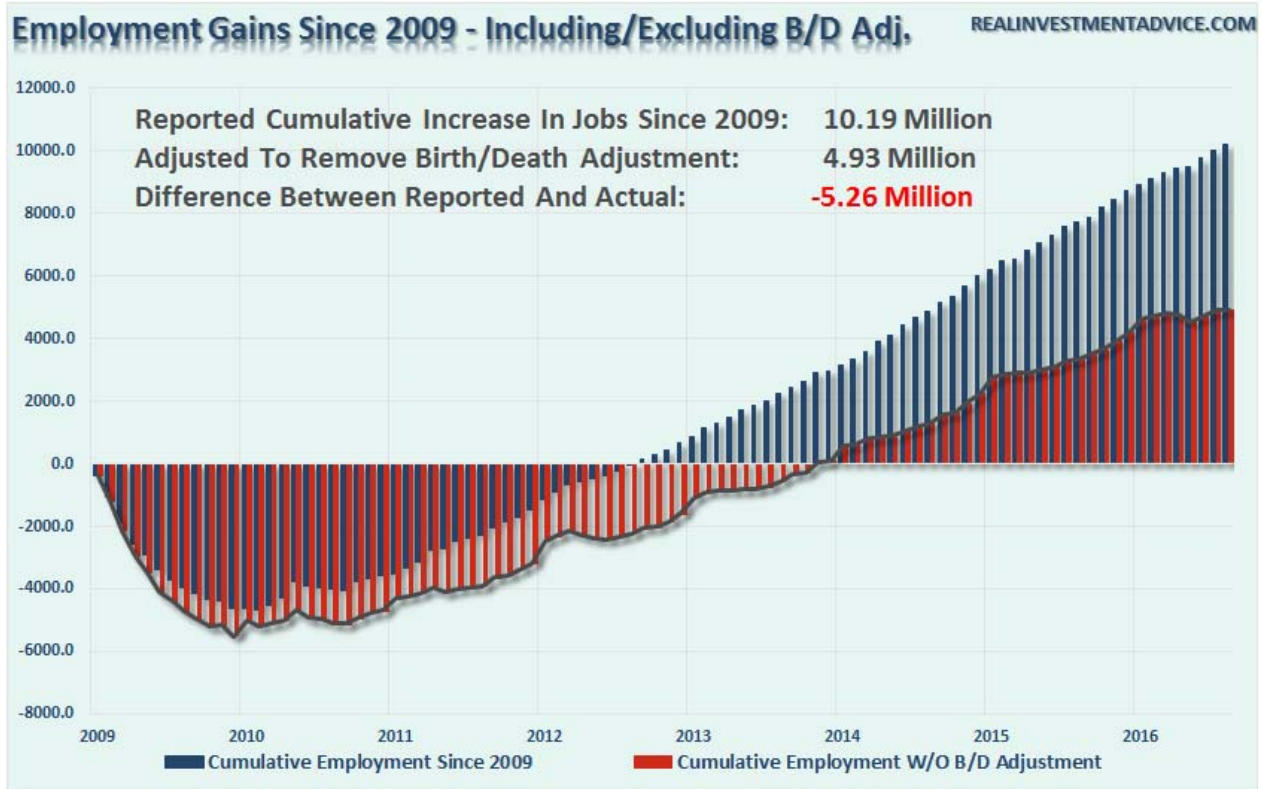


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“This chart **CLEARLY** shows that the number of “*Births & Deaths*” of businesses since the financial crisis have been on the decline. Yet, each month, when the market gets the jobs report, we see roughly 180,000 plus jobs.

Included in those reports is an ‘**ADJUSTMENT**’ by the BEA to account for the number of new businesses (jobs) that were “*birthed*” (*created*) during the reporting period. This number has generally ‘added’ jobs to the employment report each month.

The chart below shows the differential in employment gains since 2009 when removing the additions to the monthly employment number though the “*Birth/Death*” adjustment. **Real employment gains would be roughly 5.26 million less if you actually accounted for the LOSS in jobs discussed in the first chart above.”**



Actually, I am being generous. **The chart above just assumes NO births or deaths of businesses. However, given that we have been LOSING businesses since 2008, the differential is markedly worse.**

So, before President Obama takes his final victory lap with claims of creating the most robust employment recovery since the 1990's, the data clearly suggests otherwise.

Of course, if you ask the 37% that are no longer counted as part of the labor force, they will tell you the same thing.

Just some things I am thinking about.

Washington Free Beacon

Who Rules the United States?

How bureaucrats are fighting the voters for control of our country

by Matthew Continetti

Donald Trump was elected president last November by winning 306 electoral votes. He pledged to "drain the swamp" in Washington, D.C., to overturn the system of politics that had left the nation's capital and major financial and tech centers flourishing but large swaths of the country mired in stagnation and decay. "What truly matters," he said in his Inaugural Address, "is not which party controls our government, but whether our government is controlled by the people."

Is it? By any historical and constitutional standard, "the people" elected Donald Trump and endorsed his program of nation-state populist reform. Yet over the last few weeks America has been in the throes of an unprecedented revolt. Not of the people against the government—that happened last year—but of the government against the people. What this says about the state of American democracy, and what it portends for the future, is incredibly disturbing.

There is, of course, the case of Michael Flynn. He made a lot of enemies inside the government during his career, suffice it to say. And when he exposed himself as vulnerable those enemies pounced. But consider the means: anonymous and possibly illegal leaks of private conversations. Yes, the conversation in question was with a foreign national. And no one doubts we spy on ambassadors. But we aren't supposed to spy on Americans without probable cause. And we most certainly are not supposed to disclose the results of our spying in the pages of the *Washington Post* because it suits a partisan or personal agenda.

Here was a case of current and former national security officials using their position, their sources, and their methods to crush a political enemy. And no one but supporters of the president seems to be disturbed. Why? Because we are meant to believe that the mysterious, elusive, nefarious, and to date unproven connection between Donald Trump and the Kremlin is more important than the norms of intelligence and the decisions of the voters.

But why should we believe that? And who elected these officials to make this judgment for us?

Nor is Flynn the only example of nameless bureaucrats working to undermine and ultimately overturn the results of last year's election. According to [the New York Times](#), civil servants at the EPA are lobbying Congress to reject Donald Trump's nominee to run the agency. Is it because Scott Pruitt lacks qualifications? No. Is it because he is ethically compromised? Sorry. The reason for the opposition is that Pruitt is a critic of the way the EPA was run during the presidency of Barack Obama. He has a policy difference with the men and women who are soon to be his employees. Up until, oh, this month, the normal course of action was for civil servants to follow the direction of the political appointees who serve as proxies for the elected president.

How quaint. These days an architect of the overreaching and antidemocratic [Waters of the U.S. regulation](#) worries that her work will be overturned so she undertakes extraordinary means to defeat her potential boss. But a change in policy is a risk of democratic politics. Nowhere does it say in the Constitution that the decisions of government employees are to be unquestioned and preserved forever. Yet that is precisely the implication of this unprecedented protest. "I can't think of any other time when people in the bureaucracy have done this," a professor of government tells the paper. That sentence does not leave me feeling reassured.

Opposition to this president takes many forms. Senate Democrats have slowed confirmations to the most sluggish pace since George Washington. Much of the New York and Beltway media does really function as a sort of opposition party, to the degree that reporters celebrated the sacking of Flynn as a partisan victory for journalism. Discontent manifests itself in direct actions such as the Women's March.

But here's the difference. Legislative roadblocks, adversarial journalists, and public marches are typical of a constitutional democracy. They are spelled out in our founding documents: the Senate and its rules, and the rights to speech, a free press, and assembly. Where in those documents is it written that regulators have the right not to be questioned, opposed, overturned, or indeed fired, that intelligence analysts can just call up David Ignatius and spill the beans whenever they feel like it?

The last few weeks have confirmed that there are two systems of government in the United States. The first is the system of government outlined in the U.S. Constitution—its checks, its balances, its dispersion of power, its protection of individual rights. Donald Trump was elected to serve four years as the chief executive of this system. Whether you like it or not.

The second system is comprised of those elements not expressly addressed by the Founders. This is the permanent government, the so-called administrative state of bureaucracies, agencies, quasi-public organizations, and regulatory bodies and commissions, of rule-writers and the byzantine network of administrative law courts. This is the government of unelected judges with lifetime appointments who, far from comprising the "least dangerous branch," now presume to think they know more about America's national security interests than the man elected as commander in chief.

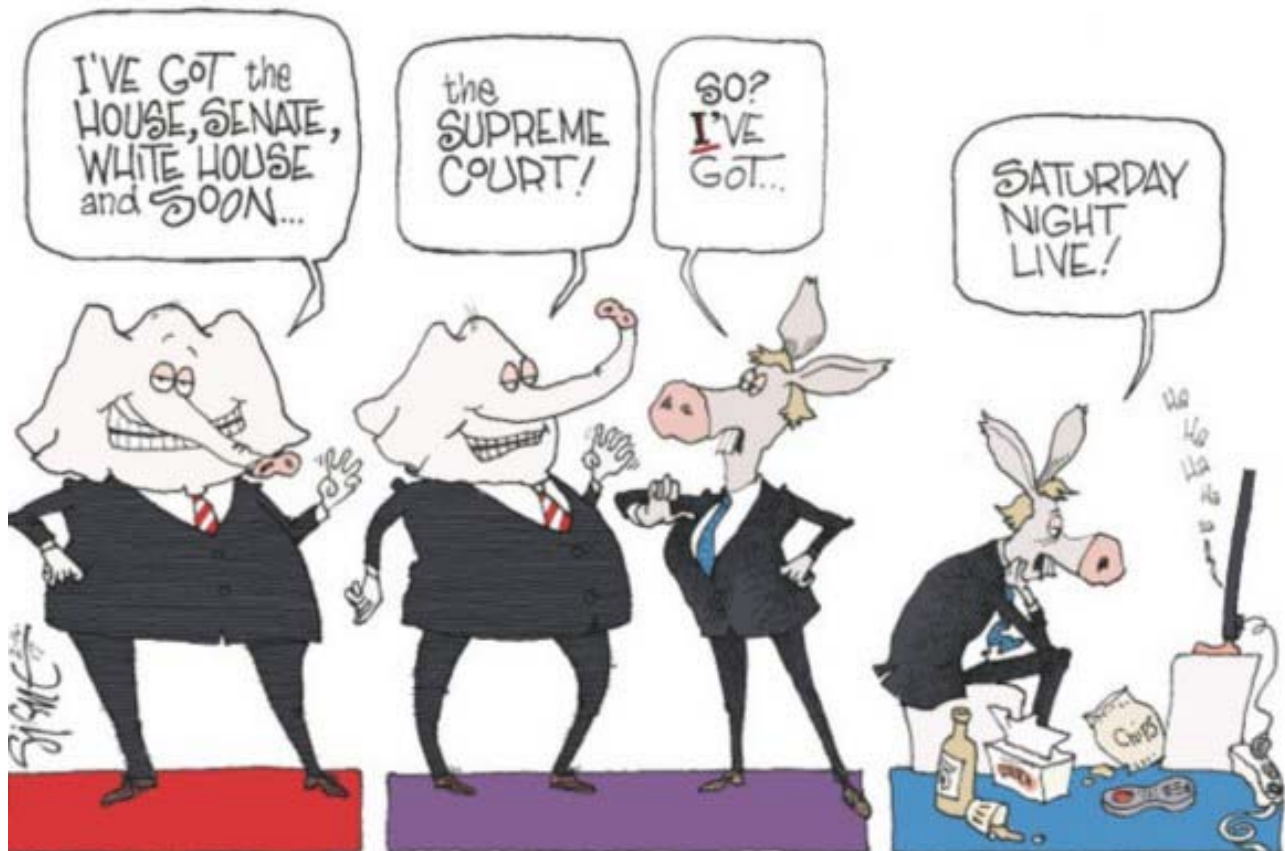
For some time, especially during Democratic presidencies, the second system of government was able to live with the first one. But that time has ended. The two systems are now in competition. And the contest is all the more vicious and frightening because more than offices are at stake. This fight is not about policy. It is about wealth, status, the privileges of an exclusive class.

"In our time, as in [Andrew] Jackson's, the ruling classes claim a monopoly not just on the economy and society but also on the legitimate authority to regulate and restrain it, and even on the language in which such matters are discussed," writes Christopher Caldwell in a brilliant essay in the Winter 2016/17 *Claremont Review of Books*.

Elites have full-spectrum dominance of a whole semiotic system. What has just happened in American politics is outside the system of meanings elites usually rely upon. Mike Pence's neighbors on Tennyson street not only cannot accept their election loss; they cannot fathom it. They are reaching for their old prerogatives in much the way that recent amputees are said to feel an urge to scratch itches on limbs that are no longer there. Their instincts tell them to disbelieve what they rationally know. Their arguments have focused not on the new administration's policies or its competence but on its very legitimacy.

Donald Trump did not cause the divergence between government of, by, and for the people and government, of, by, and for the residents of Cleveland Park and Arlington and Montgomery and Fairfax counties. But he did exacerbate it. He forced the winners of the global economy and the members of the D.C. establishment to reckon with the fact that they are resented, envied, opposed, and despised by about half the country. But this recognition did not humble the entrenched incumbents of the administrative state. It radicalized them to the point where they are readily accepting, even cheering on, the existence of a "deep state" beyond the control of the people and elected officials.

Who rules the United States? The simple and terrible answer is we do not know. But we are about to find out.



DEMOCRATS IN THE PAST:



BOYCOTTING REPUBLICAN
PRESIDENTIAL INAUGURATIONS



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SCHOOL ENTRANCES



USING MASKED MEN TO
INTIMIDATE REPUBLICANS

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Not Going To The White House



**THE MAN WHO RAISED
THIS GUY IS LECTURING US**



**ON THE MAN WHO
RAISED THIS GIRL**

