The Rest of the Story: Employment Recovery?

[The Bureau of Labor Statistics](http://www.bls.gov/news.release/empsit.a.htm) released the April Jobs numbers today. The AP reported the following as their big story: [US Gains 288K Jobs, Most in 2 Years; Rate 6.3%.](http://bigstory.ap.org/article/us-gains-288k-jobs-jobless-rate-falls-63-pct) The unemployment rate fell in one month from 6.7% to 6.3%. That sounds great, but in honor of the late [Paul Harvey](http://en.wikipedia.org/wiki/Paul_Harvey), “and now, the rest of the story”.

 Here are the raw numbers from the BLS:

Civilian noninstitutional population +181,000

Civilian labor force -806,000

Employed -73,000

Not in labor force +988,000

Employment –population ratio -.07%

Conundrum #1: How did the US economy create 288,000 jobs in the same month where 73,000 fewer people had jobs?

Answer: The economy destroyed more jobs than it created. The new jobs number conveniently leaves out the jobs that were lost each month. A dynamic economy has job churn every month where some jobs are created while others are destroyed. It is however, an odd world where a net decrease of 73,000 jobs is lauded as good economic news.

Conundrum #2: How can the unemployment rate fall even as fewer people have jobs?

Answer: The unemployment rate is calculated by dividing the number of adults without a job but actively looking for one by the number of people with a job or actively looking for a job. Last month over 800,000 people who were unemployed stopped looking for work. They didn’t get a job. They just gave up looking for a job. The employment rate fell by .07% meaning fewer American adults had a job in April than they did in March.

The takeaway: Be careful of government statistics. Beware further of the spinning of government statistics. Anyone who sees a decrease in employment as a good sign for the economy is delirious. Said people will also suggest that the lackluster .1% growth rate in first quarter GDP just means the economy has more room to grow in the future.

Job killing taxes, regulations, and increased transfer payments reduce employment. And now you know the rest of the story.