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The Collapsing US Economy

By Paul Craig Roberts
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Do you remember when real reporters existed? Those were the days before the Clinton regime concentrated the media into a few hands and turned the media into a Ministry of Propaganda, a tool of Big Brother. The false reality in which Americans live extends into economic life. Last Friday's employment report was a continuation of a long string of bad news spun into good news. The media repeats two numbers as if they mean something—the monthly payroll jobs gains and the unemployment rate—and ignores the numbers that show the continuing multi-year decline in employment opportunities while the economy is allegedly recovering.

The so-called recovery is based on the U.3 measure of the unemployment rate. This measure does not include any unemployed person who has become discouraged from the inability to find a job and has not looked for a job in four weeks. The U.3 measure of unemployment only includes the still hopeful who think they will find a job.

The government has a second official measure of unemployment, U.6. This measure, seldom reported, includes among the unemployed those who have been discouraged for less than one year. This official measure is double the 5.3% U.3 measure. What does it mean that the unemployment rate is over 10% after six years of alleged economic recovery?

In 1994 the Clinton regime stopped counting long-term discouraged workers as unemployed. Clinton wanted his economy to look better than Reagan's, so he ceased counting the long-term discouraged workers that were part of Reagan's unemployment rate. John Williams (shadowstats.com) continues to measure the long-term discouraged with the official methodology of that time, and when these unemployed are included, the US rate of unemployment as of July 2015 is 23%, several times higher than during the recession with which Fed chairman Paul Volcker greeted the Reagan presidency.

An unemployment rate of 23% gives economic recovery a new meaning. It has been eighty-five years since the Great Depression, and the US economy is in economic recovery with an unemployment rate close to that of the Great Depression.

The labor force participation rate has declined over the "recovery" that allegedly began in June 2009 and continues today. This is highly unusual. Normally, as an economy recovers jobs rebound, and people flock into the labor force. Based on what he was told by his economic advisors, President Obama attributed the decline in the participation rate to baby boomers taking retirement. In actual fact, over the so-called recovery, job growth has been primarily among those 55 years of age and older. For example, all of the July payroll jobs gains were accounted for by those 55 and older. Those Americans of prime working age (25 to 54 years old) lost 131,000 jobs in July.

Over the previous year (July 2014 — July 2015), those in the age group 55 and older gained 1,554,000 jobs. Youth, 16-18 and 20-24, lost 887,000 and 489,000 jobs.

Today there are 4,000,000 fewer jobs for Americans aged 25 to 54 than in December 2007. From 2009 to 2013, Americans in this age group were down 6,000,000 jobs. Those years of alleged economic recovery apparently bypassed Americans of prime working age.

As of July 2015, the US has 27,265,000 people with part-time jobs, of whom 6,300,000 or 23% are working part-time because they cannot find full time jobs. There are 7,124,000 Americans who hold multiple part-time jobs in order to make ends meet, an increase of 337,000 from a year ago.

The young cannot form households on the basis of part-time jobs, but retirees take these jobs in order to provide the missing income on their savings from the Federal Reserve's zero interest rate policy, which is keyed toward supporting the balance sheets of a handful of giant banks, whose executives control the US Treasury and Federal Reserve. With so many manufacturing

and tradable professional skill jobs, such as software engineering, offshored to China and India, professional careers are disappearing in the US.

The most lucrative jobs in America involve running Wall Street scams, lobbying for private interest groups, for which former members of the House, Senate, and executive branch are preferred, and producing schemes for the enrichment of think-tank donors, which, masquerading as public policy, can become law.

The claimed payroll jobs for July are in the usual categories familiar to us month after month year after year. They are domestic service jobs—waitresses and bartenders, retail clerks, transportation, warehousing, finance and insurance, health care and social assistance. Nothing to export in order to pay for massive imports. With scant growth in real median family incomes, as savings are drawn down and credit used up, even the sales part of the economy will falter.

Clearly, this is not an economy that has a future.

But you would never know that from listening to the financial media or reading the *New York Times* business section or the *Wall Street Journal*.

When I was a *Wall Street Journal* editor, the deplorable condition of the US economy would have been front page news.