

# Manufacturing Job Creation

By [The Mogambo Guru](#)

05/14/07 With only 88,000 jobs created in April, things are already looking pretty grim for the average American worker. But as the Mogambo explains, things could get much worse, as the government tries to trick us by adding ‘hamburger flipping’ to the list of manufacturing jobs.

And now, back to the constant litany of gloom with the Bloomberg.com report that “Employers in the U.S. last month added the fewest jobs in more than two years.” And things are not looking like they are going to get any better, as the latest report from Challenger & Gray reveals that April’s layoff announcements rose 18.4% over this time last year.

Anyway, the big news is that the Labor Department reported (believe it or not) an increase in employment of 88,000 jobs. The funny part was that any increase in jobs was entirely a result of plugging in the results of the “Birth-Death model”. This handy and easy computational device is merely an educated guess of how many jobs were created (but not counted) by new businesses and how many were lost by businesses folding. The result was that this “Birth-Death model” added 317,000 jobs! Hahaha!

Even worse news is found, says George Ure of UrbanSurvival.com, in Table A-12 of the report, where we find the statistic known as U-6 (Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers), which he calls the “Engineers flipping Burgers index”, and that this U-6 unemployment rate “is stuck at 7.9% – the same as a year ago.”

Tony Cherniawski of thepracticalinvestor.com reflects, “To make matters worse, the report shows that the Civilian Labor force declined by 468,000. Really? Where did they go? Forgive my conclusion, but it looks like we may have lost as many as 697,000 jobs last month.”

But, surprisingly, manufacturing is reportedly up! But even this is no real surprise, as Mr. Cherniawski reports, “Our government now wants to classify hamburger flipping as a manufacturing job.”

Actually, I have to admit that it makes sense, as it is unassailably true that it IS manufacturing, because making a hamburger is just another case of a laborer, in a building, taking raw materials and using capital equipment to create a finished product. But it leaves a bad taste in your mouth, if you’ll forgive the pun.

And why is the government doing this redefinition of terms? His analysis is that “manufacturing jobs as a percentage of the total labor force have fallen to an all-time low. Could it be that Washington wants to hide this embarrassment by lumping fast food with manufacturing in order that it won’t look so bad?” I jump to my feet and exclaim, “You bet they do!”

Chuck Butler at Everbank.com explodes, “What a crock! How can they get away with lies like that? When the Bureau of Labor Statistics (BLS) doesn’t count people who have had their unemployment benefits expire... When the BLS doesn’t count people in jail as unemployed, as if they even have a chance to get a job! Oh, and the list goes on and on.” He figures, “Unemployment, in my opinion, is probably more in the neighborhood of 12%.”

To make matters worse, the average workweek declined to 33.8 hours.

Perhaps this nightmare of “lower hours worked plus price inflation that comes from monetary inflation” is why Bloomberg.com reports that, in March, “Consumer credit, or non-mortgage loans to individuals, increased \$13.5 billion, or 6.7 percent at an annual rate, to \$2.425 trillion.”

Yikes! People are not only buying less, but having to go into debt just to pay current expenses! I surmise this from John Mauldin, of Frontlinethoughts.com, who reports, “The Liscio Report, among other things, tracks sales tax receipts from the various states. They report a serious deterioration in sales tax receipts in March.”

In fact, Liscio reports that “In March only 18% of the states in our survey hit or exceeded their estimated sales tax collections, and levels in just over 30% of the states were lower than they were in March 2006, some quite steeply so.”

Good ol’ Phil S. sent an excerpt from something called, “Transcript: April 13, 2007 – Weekly Institutional Client Conference Call” by Donald G. M. Coxe, who is the Global Portfolio Strategist for BMO Financial Group, where we read that the, “dollar index (the DX) is now heading down to touch what is the very long term low for this index, which is the 79.5 – 80 range. And just to put it into perspective for those of you who don’t follow it, that index was as high as 120 back in ’01. So, we’ve already given up one-third of the value.”

A hand goes up in the back of the class with the question, “So what? Who cares? And why doesn’t the Stupid Mogambo Loudmouth (SML) just shut the hell up about it for a change?”

Naturally, I am frozen in place, paralyzed by my outrage at the insult. Intuitively sensing that diversionary action was needed to prevent the violence that was sure to soon erupt, Mr. Coxe jumps in and changes the subject by surprisingly saying, “The great bull market began on Friday the 13th of August 1982.”

Hands fly up around the room, and I assume that everyone else wants to know (as I want to know!) how the hell he knows so precisely. He effortlessly answers that it is simplicity itself, as “Paul Volcker signaled an announcement to the first cut in interest rates on Friday the 13th of August.”

More hands fly up, including my own, and we were all thinking, “So what? Get to the point! I am starting to sober up here, and I don’t like it one damned bit!”

Showing a rare gift of being able to read the minds of the audience, he answers the question without actually being asked, and explains that the significance is that now “we come out and

announce that after all these years of telling you that the primary challenge to the price system is deflation, we say that story which has been true for 25 years, is over.”

25 years! Wow! What a bull run! And so, “What is the NEW ‘primary challenge to the price system’?” we innocently ask.

Apparently already primed to answer such a question, he says that now “the primary challenge to the price system is inflation.” The smart people in the audience immediately get up and rush out of the door muttering “Inflation! Gotta get more gold! Inflation! Gotta get more gold!”, leaving the rest of us stupid people sitting here, all alone, thinking to ourselves “What in the hell does that mean, and where is everybody going?” Again our hands fly up.

With another superb demonstration of uncanny ability to anticipate our stupid questions, he says, “so naturally we’ve chosen for the Conference Call theme – gold.”

Until next week,

The Mogambo Guru  
for The Daily Reckoning  
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\*\*\*\* Mogambo sez: Addison Wiggin of DailyReckoning.com says, “At least writing about this stuff these days is like shooting fish in a barrel.” Hahaha! It’s easy, alright, but it is not very pleasant for the fish!

Since I am always loudly screeching for people to buy gold, silver and oil, and making very rude and crude remarks when they don’t, the task is made much harder when you are not shooting at the fish in the barrel, but yelling at them, “The Federal Reserve and all the world’s central banks are shooting like crazy at you! So buy gold, silver and oil, you stupid fish, and buy yourself some protection! And make a hell of a lot of money, too!”

But they won’t listen. Nobody ever does. That’s why gold, silver and are oil are so cheap right now. And if you don’t buy cheap, you can’t sell when they are expensive!