How Flawed Government Jobs Data is Used to Paint an Inaccurate Rosie Economic Picture

June 23, 2024 - The Biden administration's reported job growth figures for 2023 were significantly overestimated, leading to a substantial gap between perceived economic health and the reality faced by many Americans, based on government revisions.

Each month, the Bureau of Labor Statistics (BLS) releases nonfarm payroll additions based on a survey of 666,000 businesses. These figures are intended to provide a timely snapshot of job growth across the nation. However, these monthly reports are prone to statistical errors and often require revisions. In 2023, these preliminary figures consistently overstated job gains, which were later revised downward.

Contrastingly, the BLS's quarterly census of employment and wages, which surveys 95% of U.S. jobs by reaching 18 times as many businesses, provides a more accurate but delayed account. While the monthly reports initially suggested an annual job growth of 2%, the comprehensive quarterly census revealed that initial numbers were overestimated by 25%. Stated differently, approximately 770,000 of the jobs the administration took credit for in 2023 never actually existed.

As bad as that may sound, it isnâ€™t the entire story. Many of the jobs that did actually exist were double counted. That happens when people take on additional jobs to help make ends meet. When that happens, it doesnâ€™t mean that more people are working. It just means that those who are working are having to work harder and longer hours.

The government regularly highlights these inflated job growth numbers as evidence of economic success. But in reality, rising prices (inflation) have eroded purchasing power. This is forcing workers to make hard choices about how to use their money and time. Housing prices alone have soared, with the average monthly mortgage payment having doubled in the past 3 years. And over the same period, fuel costs have risen by nearly 50%.

The bottom line here is that both the government and the media are regularly telling everyone that the economy is great. Theyâ€™re wrong. It isnâ€™t. And the vast majority of people seem to be coming to that conclusion on their own.
by Jim Malmberg
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