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## Forget Iran, Americans Should be Hysterical About This Nuking the Economy

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By PAUL CRAIG ROBERTS

Last week the Bureau of Labor Statistics re-benchmarked the payroll jobs data back to 2000. Thanks to Charles McMillion of MBG Information Services, I have the adjusted data from January 2001 through January 2006. If you are worried about terrorists, you don't know what worry is.

Job growth over the last five years is the weakest on record. The US economy came up more than 7 million jobs short of keeping up with population growth. That's one good reason for controlling immigration. An economy that cannot keep up with population growth should not be boosting population with heavy rates of legal and illegal immigration.

Over the past five years the US economy experienced a net job loss in goods producing activities. The entire job growth was in service-providing activities--primarily credit intermediation, health care and social assistance, waiters, waitresses and bartenders, and state and local government.

US manufacturing lost 2.9 million jobs, almost 17% of the manufacturing work force. The wipeout is across the board. Not a single manufacturing payroll classification created a single new job.

The declines in some manufacturing sectors have more in common with a country undergoing saturation bombing during war than with a super-economy that is "the envy of the world." Communications equipment lost 43% of its workforce. Semiconductors and electronic components lost 37% of its workforce. The workforce in computers and electronic products declined 30%. Electrical equipment and appliances lost 25% of its employees. The workforce in motor vehicles and parts declined 12%. Furniture and related products lost 17% of its jobs. Apparel manufacturers lost almost half of the work force. Employment in textile mills declined 43%. Paper and paper products lost one-fifth of its jobs. The work force in plastics and rubber products declined by 15%. Even manufacturers of beverages and tobacco products experienced a 7% shrinkage in jobs.

The knowledge jobs that were supposed to take the place of lost manufacturing jobs in the globalized "new economy" never appeared. The information sector lost 17% of its jobs, with the telecommunications work force declining by 25%. Even wholesale and retail trade lost jobs. Despite massive new accounting burdens imposed by Sarbanes-Oxley, accounting and bookkeeping employment shrank by 4%. Computer systems design and related lost 9% of its jobs. Today there are 209,000 fewer managerial and supervisory jobs than 5 years ago.

In five years the US economy only created 70,000 jobs in architecture and engineering, many of which are clerical. Little wonder engineering enrollments are shrinking. There are no jobs for graduates. The talk about engineering shortages is absolute ignorance. There are several hundred thousand American engineers who are unemployed and have been for years. No student wants a degree that is nothing but a ticket to a soup line. Many engineers have written to me that they cannot even get Wal-Mart jobs because their education makes them over-qualified. Offshore outsourcing and offshore production have left the US awash with unemployment among the highly educated. The low measured rate of unemployment does not include discouraged workers. Labor arbitrage has made the unemployment rate less and less a meaningful indicator. In the past unemployment resulted mainly from turnover in the labor force and recession. Recoveries pulled people back into jobs.

Unemployment benefits were intended to help people over the down time in the cycle when workers were laid off.

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Today the unemployment is permanent as entire occupations and industries are wiped out by labor arbitrage as corporations replace their American employees with foreign ones.

Economists who look beyond political press releases estimate the US unemployment rate to be between 7% and 8.5%. There are now hundreds of thousands of Americans who will never recover their investment in their university education.

Unless the BLS is falsifying the data or businesses are reporting the opposite of the facts, the US is experiencing a job depression. Most economists refuse to acknowledge the facts, because they endorsed globalization. It was a win-win situation, they said. They were wrong.

At a time when America desperately needs the voices of educated people as a counterweight to the disinformation that emanates from the Bush administration and its supporters, economists have discredited themselves. This is especially true for "free market economists" who foolishly assumed that international labor arbitrage was an example of free trade that was benefiting Americans. Where is the benefit when employment in US export industries and import-competitive industries is shrinking? After decades of struggle to regain credibility, free market economics is on the verge of another wipeout.

No sane economist can possibly maintain that a deplorable record of merely 1,054,000 net new private sector jobs over five years is an indication of a healthy economy. The total number of private sector jobs created over the five year period is 500,000 jobs less than one year's legal and illegal immigration! (In a December 2005 Center for Immigration Studies report based on the Census Bureau's March 2005 Current Population Survey, Steven Camarota writes that there were 7,9 million new immigrants between January 2000 and March 2005.)

The economics profession has failed America. It touts a meaningless number while joblessness soars. Lazy journalists at the New York Times simply rewrite the Bush administration's press releases.

On February 10 the Commerce Department released a record US trade deficit in goods and services for 2005--\$726 billion. The US deficit in Advanced Technology Products reached a new high. Offshore production for home markets and jobs outsourcing has made the US highly dependent on foreign provided goods and services, while simultaneously reducing the export capability of the US economy. It is possible that there might be no exchange rate at which the US can balance its trade.

Polls indicate that the Bush administration is succeeding in whipping up fear and hysteria about Iran. The secretary of defense is promising Americans decades-long war. Is death in battle Bush's solution to the job depression? Will Asians finance a decades-long war for a bankrupt country?

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