The unemployment rate for January merely illustrates a pattern that has unfolded since the early summer months: the drop in the rate can be explained entirely in terms of the contraction of the workforce. Figures released by the Labor Department on Feb. 6 show a drop in the unemployment rate from 8.3 per cent in December to 7.8 per cent in January. This drop is a complete fraud manufactured by several fairly obvious accounting tricks. First, through the use of a "seasonal adjustment," the Labor Department created 1.7 million non-existent employed workers. While the Labor Department reported that the actual number of employed workers fell from 85.5 million in December 1975 to 86.2 million in January, it then seasonally adjusted the January figure to 86.2 million -- the number it used to calculate the official unemployment rate.

Seasonal adjustment, however, is justified only to compensate for month to month factors, such as summer vacations, the Christmas layoffs and post-Christmas season, etc. It is totally meaningless and a pure falsification to apply the seasonal adjustment factor when employment is constantly falling under current depression conditions.

Moreover, an examination of the Department of Labor statistics themselves also show that the entire drop in the unemployment rate is directly attributable to the contraction of the workforce. For example, between September 1975 and January 1976, the Labor Department reduced the rolls of the unemployed by simply writing 700,000 workers out of existence. While the male population 20 years and over increased by 400,000 over that period, the Labor Department claims that the labor force for this group declined by 300,000. Where did these people go? They became "discouraged" and stopped looking for work the Labor Department claims and could thus be written out of the labor force.

Mere bureacratic honesty would eliminate these two ruses, and bring the official unemployment rate up to 9.5 per cent.

However, there are concrete advantages to maintaining the fraudulently low unemployment figures. According to Federal legislation passed last year, state unemployment funds are compensated for extended benefits programs by the federal government according to the Labor Department unemployment figures on state unemployment. The low unemployment figures will therefore, quickly result in numbers of workers being removed from the unemployment rolls.

It is not surprising that with adjustments for inflation, personal disposable income actually fell during the second half of 1975. If consumer sales rise in the months ahead - which is unlikely -- it can only be at the expense of already depleted workers savings.

NO COMFORT IN SIGHT

Every other potential source of stimulus to the economy is in similar desperate straights. Capital spending is down 10 per cent in real terms. November figures for construction contract awards for industrial plants show a 25 per cent drop indicates that this will continue in the months ahead.

Efforts to play up the multi-billion dollar capital spending programs announced by General Motors and Ford Motor Company as signs of a general resurgence of capital spending are completely rediculous. While their spending programs amount to record \$2.6 billion for GM and a near record \$1.6 billion dollars for Ford Motor Company, the spending is almost entirely for rationalization and re tooling and not for plant expansion. Under these circumstances the spin-off effects on the construction industry will be next to nothing.

GM and Ford's primary motivation in their action is to knock near bankrupt Chrysler out of the market, forcing it to effectively cease operations.

In addition, the plans which involve retooling for smaller cars, is itself based on the expectation of skyrocketting car sales such as the 20 million that GM Chairman Thomas Murphey predicts for this year alone. Such predictions, as the latest sales figures cited above show, are baseless. This is particularly true with respect to small car sales. As the New York Times reported Feb. 14 this week closed its Lordstown, Ohio "Vega" plant because of a 4 month stockpile of unsold small cars. According to the trade paper, Automotive news General Motors is not alone in having an oversupply of small cars; Ford has a 112 day supply of its Pinto; American Motors Pacer, a 147 day supply; the Mercury Bobcat, a 150 day supply and the Mercury Comet a 1-5 day supply Auto analysts consider 60 day supply normal.

Housing which has played a prominent role in previous recoveries is also in a state of collapse. Figures released on housing starts in November and December show whopping drops of 6.6 per cent and 3.3 per cent.

And finally, state and local spending which normally provides a significant demand for goods and services at the early stages of recovery play an entirely reverse role this year. All indications are that state and local governments will be forced to reduce spending and increase taxes to meet debt service, the inflated costs of goods and services, welfare costs, and to compensate for a short-fall in revenues. This is the re ılt of previous expenditure cuts, a reflection of how a policy of budget cuts to cover deficits creates a self-feeding crisis.