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**LATEST EMPLOYMENT AND UNEMPLOYMENT NUMBERS:
SOME NAGGING QUESTIONS**

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Much is being made in the media and in Washington of the 541,000 increase in the number of persons employed December-January and the 430,000 decrease in the number unemployed, bringing the unemployment rate down from 10.0 percent to 9.7 percent. Their optimism may be attributed to two factors, one technical, one hopeful. First, this is what in general (though not always) is expected: more persons with jobs means fewer without jobs. Second, after two years of dismal employment and unemployment reports, the December-January numbers seem to indicate that the end of the recession is in sight.

A closer look at the January figures introduces some dark clouds to this sunny picture. Joblessness for adult men was 10.0 percent and much higher for Hispanic/Latinos (12.6 percent), blacks/African Americans (16.5 percent) and teenagers (26.4 percent). The sun may be shining through the clouds but not for everyone in the U.S. labor force.

More troubling, however, are these numbers. November-December household survey employment dipped by 589,000. Thus the number of persons employed November-January actually *declined* by 48,000. Further, the number of persons unemployed November-January dropped by 503,000. Thus November-January we have this unusual (though not unprecedented) outcome of a small *decline* in employment paired with a rollback in unemployment that is more than ten times greater.

These data along with others from the household survey and the payroll survey raise the following questions.

Which estimate of the change in employment is correct: December-January (+541,000) or November-January (-589,000)? Or are both correct? The numbers are seasonally adjusted so that the surge in persons employed for the Christmas shopping season is taken into account.

With fewer men employed in January than November (-278,000), why are there more women who are employed (+230,000)?

Accepting the December-January change in employment as accurate, why are there so many more women employed (+524,000) than men (+17,000)?

With more employed December-January (+541,000), why are there more discouraged workers (+136,000)?

With the number of persons employed November-January dropping by 48,000, why did unemployment decline by 503,000?

Why is the unemployment rate for blacks/African Americans higher in January (16.5 percent) than in December (16.2 percent) or November (15.6 percent)? Why is their jobless rate higher at the same time it was lower for every other major demographic group?

Nonfarm payroll jobs dropped by 150,000 November-December and by 20,000 December-January, putting the November-January loss at 170,000. Matching the payroll estimates with the household estimates, do the December household estimates of employment perhaps err on the low side creating an artificial improvement in employment reported for December-January?

With so many illegal aliens living and working in the United States, are their employers honestly reporting them on their payrolls? Given their immigration status, are those aliens reliably estimated through the household survey or are they deliberately misrepresenting themselves to or hiding from Census enumerators?

The Census Bureau and the Bureau of Labor Statistics who partner the household and payroll surveys have a long history and well-earned reputation for accuracy in preparing estimates of employment and unemployment. Perhaps the specialists in both agencies would take a second look at the data for the last three months and shed some light on the questions we've raised.

If indeed the end of the recession is in sight, then perhaps there is no need for any more fiscal stimulus. If not, then maybe the \$787 billion stimulus package passed one year ago hasn't turned the economy around.

Mayo Research Institute long has advocated paying more attention to employment and unemployment estimates than GDP estimates. If we think of a recession as an economic earthquake, GDP estimates are a measure of the physical severity of the earthquake. Employment and unemployment estimates measure the human suffering and hardship that continue well beyond the last of the aftershocks. The earthquake is over when the suffering and hardship are over.

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