

# ***PERSONALLY SPEAKING***

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## **THE SEPTEMBER JOBS REPORT: SOMETHING FOR EVERYONE**

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*Permission to quote is granted when the source is acknowledged.*

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There is something for everyone in the Bureau of Labor Statistics monthly jobs report. Casual observers of economic conditions can point to the drop in the September jobless rate from 7.3 percent to 7.2 percent and claim that the labor market is improving. Others remind us that a month-to-month change in the unemployment rate of 0.1 percentage point is not statistically significant. In other words, the rate is unchanged.

More careful observers can call attention to the 4.4 percent joblessness among the 81.9 million persons married spouse present who are in the labor force. Others point to the 10.4 percent unemployment among the 73.6 million other persons in the labor force.

Those who see the glass half full call attention to the 3.7 percent rate of unemployment among persons who are at least 25 years of age and have earned a bachelor's or higher degree. Those who see it half empty refer to the 10.3 percent unemployment rate among persons who did not complete high school.

Joblessness among men and women in management, business, and financial operations occupations is 3.3 percent. At the same time, for those who work in construction and extraction occupations it is 10.1 percent.

What are we to make of the following anomalies? The September unemployment rate (not seasonally adjusted) for disabled persons 65 years of age and older is lower than for all persons 16 to 64 years of age who are not disabled: 6.3 percent vs. 6.8 percent.

The jobless rate (not seasonally adjusted) in nondurable goods production actually rose from 6.6 percent one year ago to 7.9 percent.

Among black men 20 years of age and older the unemployment hasn't changed over the year: 14.0 percent this year in September, 14.1 percent last year.

And what are we to make of the often-repeated claim that the jobs recovery has been dominated by part-time employment? That claim simply is not true. The number of persons working part time has dropped by 287,000 since September 2012 at the same time the number employed in full-time jobs has climbed by 1.6 million.

The central lesson in this maze of statistical information from the Bureau of Labor Statistics is that the U.S. labor force is huge and complex. For that reason evaluating conditions strictly in terms of a month-to-month comparison of the unemployment rate for the entire civilian labor force often is misleading. Current labor market conditions for some workers are improving, for others they are not. The careful observer needs to unpack the data before offering an opinion. One cable network routinely guesses at the payroll numbers even before that information is released to the public.

Years ago a change of 0.1 percentage point was statistically significant. Today it is not because the number of households surveyed by the BLS has not kept pace with the growth of the U.S. population. Put differently, the instrument is less accurate today than in years past. Accordingly, a more careful observer would note not that the jobless rate dropped from 7.3 percent in August to 7.2 percent in September but that over the year it had fallen from 7.8 percent to 7.2 percent.

Aware of the facts regarding the size and complexity of the U.S. labor force, the national economic policy maker faces a problem not unlike the one that haunts the oncologist. Using chemotherapy to destroy cancerous cells means that healthy cells are destroyed as well. Using monetary or fiscal policy to stimulate economic activity may be necessary to help cut the jobless rate for those who are struggling to find work such as persons who are not married, school dropouts, and black men, but not for those who are married, are college graduates, or engaged in management, business, and financial operations.

Aggressive monetary policy tied just to the total unemployment rate -- to end quantitative easing the Federal Reserve has set a target of 6.5 percent -- can be counterproductive if it drives down rates for those who don't need assistance but not for those who do. In this regard, the jobless rate for black men 20 years of age and older is especially instructive. It has remained above 10 percent for every one of the last 63 months. In sharp contrast, the last time the unemployment rate for all married persons spouse present including black married persons was above 6.5 percent was February 2010.

For the same reason that oncologists are developing treatment tools that target cancerous cells only, policy makers should be looking for tools that intervene selectively. Minimally, they should be aware that what may be necessary for some workers may be unnecessary or even counterproductive for others.

Finally, the BLS should consider delaying the release of the highly-sensitive payroll information until later in the month in order to allow more time for employers to file their reports and thereby avoid the need to publish revised estimates that at times depart from preliminary estimates by thousands of payroll jobs. In the end, there is nothing sacred about the long-standing practice of releasing the jobs report on the first Friday of every month.

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