

BOX 2.1 Numbers in the News

In the fall of 2012, the U.S. Bureau of Labor Statistics (BLS) released two contradictory numbers. First, it said that the unemployment rate had increased from 7.8 percent in September to 7.9 percent in October. Second, the BLS said that employers had hired an additional 171,000 workers. If employers were finally starting to hire new employees again, shouldn't the unemployment rate have decreased? The answer to the puzzle is found in the measures. The Bureau of Labor Statistics calculates the unemployment rate based on responses to a survey of households, whereas it bases job growth on a survey of businesses and government agencies. The two measures have two key differences. First, fewer households are surveyed than businesses, so the unemployment rate is less reliable than the estimate of job growth. Second, the estimate of job growth does not include numbers for farmers or self-employed workers, so the estimate of job growth has lower validity than the unemployment rate.¹⁶