

CONCORD MONITOR

Published on *Concord Monitor* (<http://www.concordmonitor.com>)

[Home](#) > One-tenth of 1 percent separates Lynch, Stephen

One-tenth of 1 percent separates Lynch, Stephen

By *Daniel Barrick*

Created 08/17/2010 - 00:00

Candidates take data in 2 directions

The state's unemployment rate dipped slightly last month to 5.8 percent, down one-tenth of a percent from the previous month. At the same time, the state's overall workforce shrank by more than 2,000 people. What those figures mean is still an open question - at least on the campaign trail.

The unemployment numbers, released by the state Department of Employment Security yesterday, quickly became fodder for the governor's race. John Stephen, the leading Republican contender, said the report showed that the state "lost 1,040 jobs in the month of July" and reflected New Hampshire's stagnant economic recovery. Gov. John Lynch, by contrast, touted the numbers as "good news" for the state.

The competing claims underscore the perils of drawing sweeping conclusions from a handful of statistics. And analysts warn of the difficulty in assessing the state's economic health based on a single month's figures.

"We're paying so much attention to every piece of data now because we're so hungry for a clear sign of where the economy's headed," said Brian Gottlob, principal of PolEcon Research in Dover. "In this political environment, each side seems to have a stake in the narrative, either good or bad, and the reality is almost always somewhere in the middle."

Stalled or gaining steam?

So what claims are candidates making about the latest employment data?

Shortly after the Department of Employment Security released its latest unemployment figures, Stephen seized on them as evidence that the state's economic recovery had stalled.

"The news that New Hampshire lost over 1,000 jobs last month is a troubling sign that our state is not moving to recovery and that many people still can't find a job," Stephen said in a campaign press release.

While the numbers showed that the state's seasonally adjusted unemployment rate had fallen slightly in July, Stephen noted that the unadjusted rate notched up 0.1 percent, to 5.8 percent.

The two rates measure slightly different things, experts said, with the "adjusted" figures meant to account for sudden swings in employment caused by seasonal work, such as construction, tourism and education. For measuring monthly progressions in employment, the adjusted data is usually more telling, while the unadjusted figures can be used to compare hiring over annual spans.

In New Hampshire, both rates are well below the national jobless average, putting the state among the top five states in the country.

An hour after Stephen's statement, Lynch delivered his own take on the figures, describing them as "good news for New Hampshire."

"As I continue to travel across New Hampshire, meeting with business leaders, there continues to be a sense of optimism regarding our economy," Lynch said.

But several economists interviewed for this story said the relatively small margins of the data - one-tenth of 1 percent in either direction - make it difficult to draw any conclusions.

"It's not something to get terribly excited about, one way or the other," said Dennis Delay, an economist with the Center for Public Policy Studies. "When you're talking about differences that small, you can almost think of it as 'noise' in the data."

Counting the jobs

Economists advised those seeking to assess the state's job growth to look at longer time spans, either several consecutive months or a single month in back-to-back years.

By those measures, New Hampshire's employment picture does seem to be improving - if ever so slightly.

The unemployment rate has crept down from a high of 7.7 percent in January, with steady declines each month. And between July 2009 and July of this year, the jobless rate fell - from 6.4 percent to 5.8 percent. According to state figures, New Hampshire had about 10,000 more jobs last month than it did a year earlier.

Stephen, in his statement yesterday, focused on one statistic in particular: The number of employed people in the state dropped by 1,040 from June to July, to about 697,000 last month. The report also noted - though Stephen did not mention - that the number of unemployed individuals also dropped, by 1,260 people to about 43,000 in July.

Stephen said the decline in employed individuals last month represented a loss of the same number of jobs. But equating a decrease in the labor force to a loss of the same number of actual positions isn't possible, economists said.

"I would say, almost categorically, that you can't make that presumption, based on one month of data," Delay said.

For one, the employment figures are estimates, based on surveys of households and businesses. For another, such a shrinkage of the labor force most certainly isn't all layoffs.

Drops in the labor pool such as these are common during recessions, said Anita Josten, research analyst with the state Bureau of Economic and Labor Market Information. When hiring

remains sluggish, some unemployed workers turn their attention elsewhere, including returning to school or retirement. Such a decision takes the person off the "unemployed" rolls counted by labor statisticians.

"People may say now is a good time to go back and get more education, or they postpone entering the workforce until things look a bit brighter," Josten said.

That trend also underscores the difficulty in assessing the strength of the job market by looking solely at the unemployment rate.

For instance, it's not unusual for the unemployment rate to climb even as companies begin hiring again. The reason: As businesses beef up hiring, more unemployed people who had abandoned their job searches start looking for work again. That increases the number of "unemployed" people, as counted by labor statistics, thus increasing the overall unemployment rate.

For those reasons, the drop last month in New Hampshire's unemployment rate does not necessarily reflect an increase in hiring.

Gottlob pointed to more detailed figures released yesterday, which broke out the state's monthly job numbers by industry. He noted that the decrease in positions was not spread across the entire economy, and some industries - including manufacturing, trade and construction - saw modest job increases.

"It does appear that hiring has slowed over the last month, but it's not an across-the-board decline, which is a good sign," he said. "It isn't the consistent pattern you see in a really weak labor market, where almost every industry is getting rid of workers."

Gottlob then added a note of caution common to most economists.

"But until you see a pattern of a few months, you can't count on it," he said.

[Economy](#) [Business & Finance](#) [Politics](#) [Elections](#) [executive \(government\)](#) [Front page](#)
[New Hampshire](#) [Publishable](#) [regional elections](#) [Resellable](#) [State](#) [State governor](#)
[elections](#) [News Articles](#) [Employment](#) [fact check](#) [Daniel Barrick](#) [Monitor staff](#)

Source URL: <http://www.concordmonitor.com/article/one-tenth-of-1-percent-separates-lynch-stephen>