

9.9: Statistical Literacy

Learning Objectives

- Accuracy of Employment Figures

The monthly jobs report always gets a lot of attention. Presidential candidates refer to the report when it favors their position. Referring to the August 2012 report in which only 96,000 jobs were created, Republican presidential challenger Mitt Romney stated "the weak jobs report is devastating news for American workers and American families ... a harsh indictment of the president's handling of the economy." When the September 2012 report was released showing 114,000 jobs were created (and the previous report was revised upwards), some supporters of Romney claimed the data were tampered with for political reasons. The most famous statement, "Unbelievable jobs numbers...these Chicago guys will do anything..can't debate so change numbers," was made by former Chairman and CEO of General Electric.

Example 9.9.1: what do you think?

The standard error of the monthly estimate is 55,000. Given that, what do you think of the difference between the two job reports?

Solution

The difference between the two reports is very small given that the standard error is 55,000. It is not sensible to take any single jobs report too seriously.

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