

Elab 2.12

[f2007/f2007-150]

The US Government's Bureau of Labor Statistics attempts to measure job creation and the unemployment rate each month. This is done by surveys. The unemployment rate is based on the "Household Survey" of 60,000 households in which individuals are asked questions about whether they hold a job, whether they are looking for a job, whether they are self-employed, and so on. The job creation rate is based on the "Establishment Survey" of 400,000 companies and estimates how many people have payroll jobs.

The sampling frames for the two surveys are different, even though both surveys are about employment and jobs.

Why would it be inappropriate to use a household survey to get information about the creation of new jobs?

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Why would it be inappropriate to use the "establishment survey" to get information about the unemployment rate?

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For practical reasons, the two surveys do not select new cases at random every month. Instead, they tend to survey the same cases from one month to the next. This has the advantage of highlighting *changes* from one month to the next. It also somewhat simplifies the work of getting responses, since the survey is dealing with people it has already had success with in the past.

Explain how this non-random sampling might produce a bias in the estimates.

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