

Unemployment? Blame the Easter Bunny

PHOTO: TIM SLOAN/APF/GETTY IMAGES

By Nin-Hai Tseng, contributor

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(Fortune) -- Following one of America's biggest financial meltdowns, what's to blame for months of disappointing unemployment numbers?

Let us recount the culprits: Cesar Chavez Day. Easter. Snowstorms. Thanksgiving.

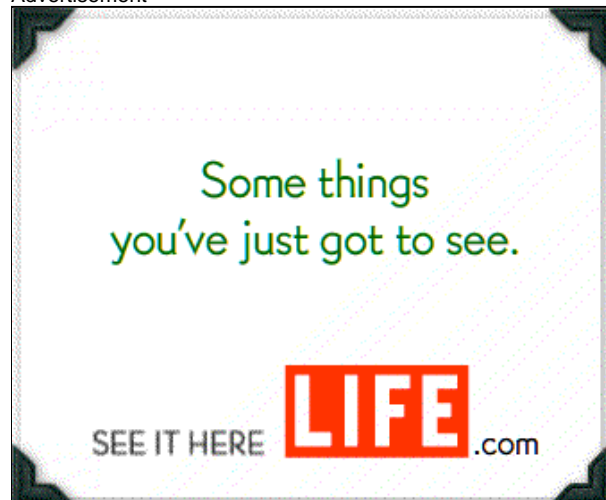
Over the past several months, the U.S. Department of Labor has left the unmistakable impression that snow days and long holiday weekends are among the factors propping up stubbornly high counts of newly jobless applying for unemployment aid. All while reports from collapsed credit markets to home foreclosures and corporate fraud have been enough to scare employers and job seekers.

The department's litany of rationalizations has figured prominently in the media, prompting a slew of are you kidding me?-kind of debates among bloggers and news commentators.

This comes at a time when unemployment has become a touchy topic. Joblessness is perhaps the single most critical issue that could threaten President Obama's party during the November mid-term elections as unemployment continues to hover at an uncomfortable 9.7 percent, political scientists say. Even as the government wages its war on unemployment through several efforts including a \$787 billion stimulus package, the majority has yet to feel it in their wallets. Elected officials are feeling the pressure.

The labor department releases every Thursday its weekly report measuring initial unemployment insurance claims, a national tally counting the number of newly jobless applying for aid. Generally, a number around 425,000 or lower spanning several weeks signal sustained job growth in the private sector. Anything much above that means

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jobs are being cut and employers are reluctant to hire.

Since January, weekly claims have fluctuated between a low of 439,000 to a high of 490,000. With each disappointing report, a labor department rationalization followed.

When the department announced that initial claims rose by 22,000 to 496,000 in the week that ended on February 20, officials were quoted blaming part of the increase on severe snowstorms that pummeled parts of the country. State agencies in the mid-Atlantic and New England regions that process claims were closed and forced to play catch-up on backlogs. Truck drivers, school bus drivers, construction workers and others whose jobs depended on decent weather suffered layoffs -- adding to a sudden surge in claims.

"Clearly, I think the increases are due mostly to economic reasons," said Sung Won Sohn, economics professor at California State University Channel Islands. "I don't think the government is trying to imply that all the fluctuations are from the weather or Easter."

Then why the focus? True, things such as the weather and certain holidays could unintentionally skew and swell the weekly tallies. These factors are hard to predict and even trickier to seasonally adjust. And since the weekly claims reports capture only brief periods of time, the numbers tend to fluctuate more on unpredictable events. Serious economists and analysts studying the pace of layoffs and employers' willingness to hire typically rely more on other jobs statistics, such as the four-week moving average of unemployment claims that aims to smooth out the zig-zagging

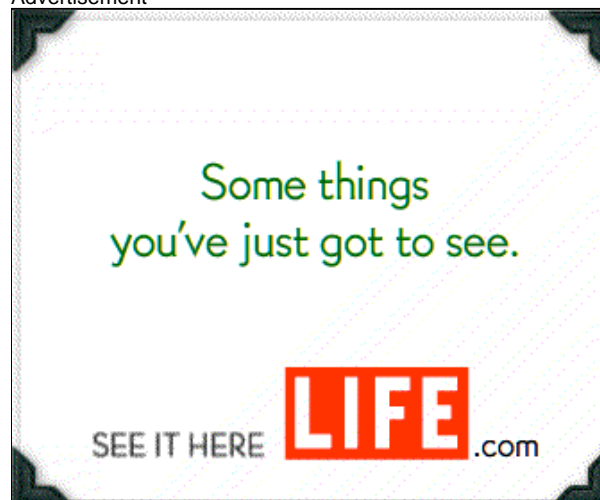
data.

But as a sign of the times, the weekly claims reports have garnered much attention -- however overly interpreted.

When claims rose by 18,000 to 460,000 during the week that ended on April 3, the labor department was quoted blaming part of the rise to backlogs around the Easter holiday and Cesar Chavez Day, a state holiday in California celebrating the labor leader and civil rights activist. Easter came earlier than last year, making it hard to factor in. And though Chavez's birthday falls on March 31, public offices closed, leaving one less day to process claims. The same administrative-type reasoning was offered to media the following week when claims increased by 24,000 to 484,000 for the week that ended on April 10.

Political science professor Michael Lewis-Beck of the University of Iowa said it's hard to gloss over today's tough economy. While the Obama administration has generally been honest about the challenges of the job market, he added: "I can't imagine Cesar

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Chavez Day having that much of an impact on jobs. These little trends that occur on a daily or weekly basis create noise that tend to cancel out."

In the week that ended on December 5, when claims increased by 17,000 to 474,000, a labor department analyst was quoted placing part of the blame on the Thanksgiving holiday week for inflating the tally. Many state unemployment offices were closed, contributing to backlogs in claims. The labor department also cited seasonal layoffs in the construction industry for part of the increase.

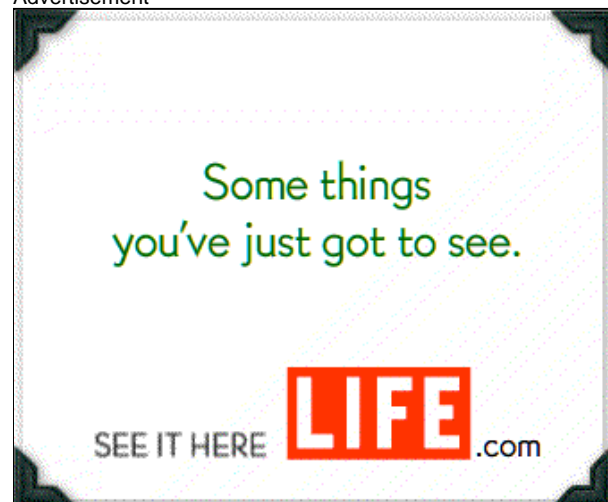
These factors tell only part of the unemployment story. Which is why it's suspect how the labor department has dragged a celebrated farm laborer or the Easter bunny onto the hot seat when the dominant drivers of joblessness come from far bigger economic challenges.

"Every administration tries to put a positive light on whatever problems they face, especially when it comes to the economy," said James E. Campbell of the State University at Buffalo who is an expert on American politics and elections. "There is a psychology involved and so they want people to feel more optimistic and of course they have political motives."

Perhaps with the holidays and winter safely out of the way, the labor department may be able to feel more optimistic themselves. That is of course until Memorial Day and July 4 weekend comes to menace them.



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