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Statement of

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The unemployment rate rose to 5.0 percent in December, and payroll employment was essentially unchanged (+18,000) at 138.5 million. In 2007, payroll employment growth averaged 111,000 per month, compared with 189,000 per month in 2006. In December, job gains continued in professional and technical services, health care, and food services, but were mostly offset by losses elsewhere, particularly in construction and manufacturing. Average hourly earnings increased by 7 cents, which followed a gain of the same amount in November.

Professional and technical services employment was up by 33,000 in December, for a total gain of 322,000 in 2007. Within this industry grouping, employment rose over the month in management and technical consulting services and in architectural services. Within administrative and support services, services to buildings and dwellings added 19,000 jobs. In contrast, employment services showed essentially no job

change in December; this industry lost 158,000 jobs over the year.

Employment in health care expanded by 28,000 in December; over the year, the industry added 381,000 jobs. Over the month, there were job gains in ambulatory health care and in hospitals. Social assistance employment continued to trend upward; over the year, the industry added 98,000 jobs.

Food services employment continued to grow in December, with a gain of 27,000. Over the year, job growth in the industry totaled 304,000.

Elsewhere in the service-providing sector, employment in retail trade was down in December (-24,000), following a gain in November. Over the year, retail trade employment was little changed. Wholesale trade employment was flat in December. The information industry lost 13,000 jobs over the month, primarily due to declines in the motion pictures and broadcasting industries. Within financial activities, employment in credit intermediation continued its downward trend; since the February 2007 peak, the industry has lost 79,000 jobs.

Within the goods-producing sector, mining added 5,000 jobs in December and 36,000 jobs in 2007. Construction employment fell by 49,000 over the month. Since its peak in September 2006, employment in construction has fallen by 236,000, with the residential components accounting for the decline.

Employment in manufacturing fell by 31,000 in December. Over the year, job losses in manufacturing totaled 212,000; motor vehicles and parts led the declines (-74,000). Wood products, furniture, and nonmetallic minerals--manufacturing industries associated with home building--combined to account for 3 in 10 lost manufacturing jobs in 2007. In December, employment in motor vehicles and parts fell by 6,000, and there were smaller declines throughout both durable and nondurable goods manufacturing. Average weekly hours of production workers in manufacturing fell by 0.2 hour to 41.1 hours, and average overtime was down by 0.2 hour to 3.9 hours.

Average hourly earnings of production and nonsupervisory workers in the private nonfarm sector rose by 7 cents in December, or 0.4 percent. This followed gains of 3 cents in October and 7 cents in November. In 2007, average hourly earnings grew by 3.7 percent, following an increase of 4.3 percent in 2006.

Turning to the measures from our survey of households, the unemployment rate rose by 0.3 percentage point in December to 5.0 percent; a year earlier the jobless rate was 4.4 percent. Over the year, unemployment rates increased for nearly all of the major worker groups. The number of unemployed persons grew to 7.7 million in December, up from 6.8 million a year earlier. The household survey contains questions that identify reasons

for unemployment, and in December, there were increases in the numbers of unemployed job losers and reentrants to the labor force.

Total employment declined to 146.2 million over the month and was essentially unchanged over the year. The employment-population ratio, at 62.7 percent in December, was down by 0.3 percentage point over the month and by 0.7 percentage point over the year. The number of discouraged workers grew over the year to 363,000 in December (not seasonally adjusted). Discouraged workers are those persons outside the labor force who are not searching for work because they believe their job search efforts would be unsuccessful.

Data users are reminded that seasonal adjustment factors for the household survey are updated each year with the release of December's data. Seasonally adjusted estimates going back 5 years--to January 2003--are subject to revision.

To summarize December's labor market developments, the unemployment rate rose to 5.0 percent; it was 4.4 percent a year earlier. Payroll employment was essentially unchanged in December. Over the year, 1.3 million jobs were added, compared with 2.3 million in 2006.