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Statement of

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Commissioner
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The labor market continued to deteriorate in December. Total nonfarm payroll employment fell by 524,000. This brings job losses in 2008 to 2.6 million, 1.9 million of which occurred in the past 4 months. Employment dropped in nearly all major industry sectors over this 4-month period. In December, the unemployment rate rose from 6.8 percent to 7.2 percent, the highest rate since January 1993.

Employment in manufacturing continued to fall over the month (-149,000), with job losses spread throughout the sector. Manufacturing has lost 791,000 jobs since the start of the recession in December 2007 (as designated by the National Bureau of Economic Research). The largest declines over the month occurred in fabricated metals (-28,000) and in motor vehicles and parts (-21,000). Since the start of the recession, employment in motor vehicles and parts has fallen by 162,000, or

about 17 percent. Manufacturing hours and overtime declined in December by 0.4 hour and 0.3 hour, respectively.

Construction employment dropped by 101,000 over the month, with declines dispersed throughout the sector. Since peaking in September 2006, employment has fallen by 899,000.

In the service-providing sector, temporary help agencies lost 81,000 jobs in December and 490,000 over the past 12 months. Employment in retail trade fell by 67,000 over the month. While job losses were widespread among retail industries, about a third of the decline occurred in automobile dealerships. Employment in wholesale trade also contracted over the month (-30,000).

The only major private industry sector that continued to add a significant number of jobs was health care. Employment in this industry rose by 32,000 over the month and by 372,000 over the past 12 months.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 5 cents, or 0.3 percent, in December. Over the past 12 months, average hourly earnings have increased by 3.7 percent. From November 2007 to November 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 0.6 percent.

The measures from the household survey also highlight the deterioration in labor market conditions. The unemployment rate

rose by 0.4 percentage point in December to 7.2 percent, and the number of unemployed persons increased by 632,000 to 11.1 million. In 2008, the jobless rate rose by 2.3 percentage points, and the number of unemployed increased by 3.6 million. The rise in unemployment has been widespread across demographic groups.

The number of persons experiencing long spells of unemployment also has risen. About 2.6 million individuals had been unemployed for 27 weeks or more in December, an increase of 384,000 over the month and nearly 1.3 million over the past 12 months.

The number of persons working part time who would have preferred full-time employment also continued to increase in December, rising to 8.0 million. Over the last 12 months, the number of such workers has grown by 3.4 million.

In addition to providing information on employment and unemployment, the household survey provides information about persons not in the labor force--that is, those who are not working or currently looking for work. Among this group, about 1.9 million persons in December were classified as marginally attached to the labor force, up from 1.3 million a year earlier. These individuals wanted a job, were available for work, and had looked for a job sometime in the prior 12 months. The number of discouraged workers--a subset of the marginally attached--was

642,000 in December, up from 363,000 a year earlier.

Discouraged workers are individuals who were not looking for a job because they believed no jobs were available for them.

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 2004--are subject to revision.

Summarizing labor market developments for December, nonfarm payroll employment declined by 524,000, bringing losses for the last 4 months to 1.9 million. The unemployment rate rose to 7.2 percent.

Before concluding, I am pleased to announce that, concurrent with next month's release of the Employment Situation on February 6, the Bureau of Labor Statistics will begin publishing on its Web site monthly estimates of the labor force status of persons with disabilities. These new data series will provide timely information to analysts and policymakers into how changing labor market conditions affect this group. The collection of these data is sponsored by the Department of Labor's Office of Disability Employment Policy.