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Statement of

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Commissioner
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

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Madam Chair and Members of the Committee:

Thank you for the opportunity to discuss the employment and unemployment data we released this morning.

The sharp and widespread contraction in the labor market continued in February. Nonfarm payroll employment fell by 651,000, following declines of 681,000 in December and 655,000 in January. Since the recession began in December 2007, job losses have totaled 4.4 million, well more than half of which occurred in the past 4 months. In February, the unemployment rate climbed from 7.6 to 8.1 percent, the highest rate in over 25 years.

Manufacturing employment declined by 168,000 in February and has dropped by 1.3 million since the start of the recession. Employment has fallen in nearly all manufacturing industries during this period. In February, manufacturing hours decreased by two-tenths of an hour, as did factory overtime hours.

Construction employment fell by 104,000 in February with losses throughout the sector. This industry has shed 904,000 jobs since the recession began, with about half of the decline occurring in the past 4 months.

In February, employment continued to decline sharply throughout most of the service-providing sector. Professional and business services employment dropped by 180,000, including 78,000 jobs lost at temporary help agencies. Employment in temporary help has fallen by 686,000 since the recession began. Other large over-the-month job losses occurred in transportation and warehousing (-49,000), especially trucking; financial activities (-44,000); retail trade (-40,000); and wholesale trade (-37,000).

Elsewhere in the service-providing sector, health care employment continued to grow with an increase of 27,000 in February, about in line with its recent trend.

Average hourly earnings for private-sector production and nonsupervisory workers increased by 3 cents, or 0.2 percent, in February. Over the past 12 months, average hourly earnings have

risen by 3.6 percent. From January 2008 to January 2009, the seasonally adjusted Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) fell by 0.7 percent.

Measures from the survey of households also showed continued deterioration of labor market conditions. The unemployment rate jumped by half a percentage point in February to 8.1 percent, the highest rate since December 1983. Jobless rates continued to trend up across the major demographic groups in February. The number of unemployed swelled by 851,000 to 12.5 million.

Since the recession began, the rise in unemployment has been concentrated among persons who lost jobs, as opposed to job leavers or people joining the labor force. From December 2007 to February 2009, the number of job losers has doubled to 7.7 million, and their share of total unemployment has risen from 50.0 to 62.3 percent.

The number of unemployed individuals experiencing long spells of joblessness also has risen. In February, 2.9 million persons had been unemployed for 27 weeks or longer, up from 1.3 million at the start of the recession.

The employment-population ratio was 60.3 percent in February, down slightly over the month and well below its 62.7 percent level at the start of the recession. Among the employed, the number of persons working part time who would

prefer to be working full time climbed sharply over the month. There were 8.6 million such workers in February, an increase of 787,000 over the month and nearly 4 million since the recession began.

Among persons who were neither working nor looking for work in February, about 2.1 million were classified as marginally attached to the labor force, up from about 1.6 million a year earlier. These individuals wanted a job, were available for work, and had looked for a job within the last 12 months. The number of discouraged workers, a subset of the marginally attached who believed no jobs were available for them, has nearly doubled over the past 12 months to 731,000.

In summary, nonfarm payroll employment fell by 651,000 in February, and the unemployment rate rose to 8.1 percent. Since the beginning of the recession in December 2007, job losses have totaled 4.4 million.

My colleagues and I now would be glad to answer your questions.