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Statement of

Keith Hall  
Commissioner  
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, March 7, 2008

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to discuss the February labor market data that we released this morning.

Nonfarm payroll employment edged down in February (-63,000), and the unemployment rate was essentially unchanged at 4.8 percent. Private-sector employment declined by 101,000. Job losses occurred in manufacturing, construction, and retail trade. Employment growth continued in health care and in food services.

Manufacturing employment fell by 52,000 over the month. Over the past 12 months, this industry has shed 299,000 jobs. In February, employment declined in motor vehicles, printing, and semiconductors, as well as in wood products and furniture--

two housing-sensitive industries. Factory hours and overtime were unchanged.

Elsewhere in the goods-producing sector, construction lost 39,000 jobs over the month. Construction employment has fallen by 331,000 since peaking in September 2006. Over this period, job losses were concentrated in residential building and in residential specialty trades; employment in the nonresidential components of construction changed little on net.

In the service-providing sector, retail employment was down by 34,000 in February. Job losses occurred in department stores, auto dealers, and building and garden supply stores. Over the past 12 months, retail employment has shown no net growth. Within professional and business services, employment in the temporary help industry fell by 28,000 over the month and by 117,000 since the most recent peak in December 2006.

Health care employment continued to expand in February, rising by 36,000. Employment in food services continued to trend up, although growth in this industry has slowed in the past 4 months. Most other private service-providing industries showed little employment change in February.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 5 cents over the month and have increased by 3.7 percent over the past 12 months.

Turning now to the labor market data from the survey of households, the unemployment rate was essentially unchanged over the month at 4.8 percent. A year earlier, the jobless rate was 4.5 percent. Over the year, the number of unemployed persons rose by 544,000 to 7.4 million.

The increase in unemployment over the past 12 months was concentrated among persons who lost jobs and had no expectation of being recalled. Since February 2007, the number of these job losers increased by 450,000 to 2.9 million; their share of total unemployment rose from 35.4 to 39.0 percent. The number of persons unemployed for other reasons, such as voluntarily leaving a job or entering the labor market, showed little change over this period.

In terms of unemployment duration, 35.6 percent of the unemployed had been searching for work for less than 5 weeks in February, while 17.5 percent were still searching after 27 or more weeks. These proportions were little changed from a year earlier.

The number of individuals in the labor force fell by 450,000 in February to 153.4 million, and labor force participation declined to 65.9 percent of the population. The labor force participation rate has been at or near 66.0 percent since last spring.

The employment-to-population ratio was 62.7 percent in February. This measure remains well below its recent peak of 63.4 percent in December 2006. Among the employed, the number of persons working part time who would prefer to be working full time has been growing. In February, there were 4.9 million such workers, an increase of about 637,000 from a year earlier.

Among persons not in the labor force, about 1.6 million were marginally attached to the labor force. The marginally attached are individuals who are not currently looking for work, but want and are available for work and have searched for a job sometime in the prior 12 months. The number of discouraged workers, a subset of the marginally attached who believe no jobs are available for them, was 396,000 in February, little changed from a year earlier.

In summary, nonfarm payroll employment edged down in February, with job losses in manufacturing, construction, and retail trade. The unemployment rate was essentially unchanged at 4.8 percent.

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