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Statement of

Keith Hall  
Commissioner  
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, December 5, 2008

Madam Chair and Members of the Committee:

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

Nonfarm payroll employment declined by 533,000 in November, with large and widespread losses occurring across the major industry sectors. November's drop in payroll employment followed declines of 403,000 in September and 320,000 in October, as revised. The unemployment rate, at 6.7 percent, continued to trend up in November and has risen by 1.7 percentage points since the recession started in December 2007 (as designated by the National Bureau of Economic Research).

Over the past 3 months, job losses have averaged 419,000 per month, sharply higher than the average loss of 82,000 per month from January through August. About two-thirds of the recent job declines have occurred in the service-providing sector of the economy. In the first 8 months of this year, job losses were largely limited to construction and manufacturing.

Manufacturing job losses continued in November (-85,000). Factory job losses would have been larger were it not for the return to work of 27,000 aerospace workers who had been on strike. Over the month, employment declines occurred throughout the manufacturing sector. Motor vehicle and parts manufacturers shed 13,000 jobs over the month; employment in this industry has fallen by 135,000 since December. Manufacturing hours and overtime each declined by 0.2 hour in November.

Construction employment was down by 82,000 over the month. Since a peak in September 2006, employment in this industry has fallen by 780,000, largely in the residential sector. Over the past 3 months, job losses have been evenly distributed between residential and nonresidential construction.

Employment also declined throughout the service-providing sector. The largest loss (-101,000) was in employment services, which includes temporary help agencies. Employment services has lost 495,000 jobs so far in 2008.

Retail trade employment fell by 91,000 in November, with the largest job loss among automobile dealers (-24,000); since December, auto dealers have shed 115,000 jobs. Employment also decreased after seasonal adjustment in clothing stores; sporting goods, hobby, book, and music stores; and furniture and home furnishings stores. Wholesale trade employment fell by 25,000 in November and by 123,000 so far in 2008.

Leisure and hospitality employment contracted by 76,000 in November; the accommodation and food services industry accounted for most of the decrease. Elsewhere in the service-providing sector, sizable employment declines also occurred in financial activities (-32,000), transportation and warehousing (-32,000), and information (-19,000).

In contrast to most industries, health care added jobs in November. Employment in the industry rose by 34,000 over the month and has increased by 341,000 so far this year. The November gain reflected jobs added in nursing and residential care facilities, hospitals, and offices of physicians.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 7 cents, or 0.4 percent, in November. Over the past 12 months, average hourly earnings have increased by 3.7 percent. From October 2007 to October 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 3.8 percent.

Turning to labor market measures from the survey of households, the unemployment rate continued to increase in November. At 6.7 percent, the rate was up by 0.2 percentage point over the month and by 1.7 percentage points since December.

In November, 10.3 million persons were unemployed, up by 2.7 million from December. About 2.2 million of the unemployed in November had been jobless for 27 weeks or more, an increase of 868,000 thus far in 2008.

Both the labor force participation rate, at 65.8 percent, and the employment-population ratio, at 61.4 percent, decreased over the month. The employment-population ratio has declined by 1.3 percentage points since December.

The number of persons working part time who would have preferred full-time employment increased by 621,000 in November to 7.3 million. Thus far in 2008, the number of such workers has grown by nearly 2.7 million.

In summary, nonfarm payroll employment declined by 533,000 in November after having fallen by 723,000 over the prior 2 months combined. The unemployment rate rose to 6.7 percent in November, 1.7 percentage points above the December rate.

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