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Statement of

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Commissioner  
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, September 5, 2003

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to comment on the employment and unemployment data we released this morning.

The unemployment rate, at 6.1 percent, was essentially unchanged in August. Nonfarm employment declined by 93,000 over the month. Manufacturers again made substantial job cuts, and employment in several other industries continued to trend down. On the positive side, employment continued to trend up in health care and construction.

Manufacturing employment fell by 44,000 in August. Job losses continued to be pervasive, with some of the more notable over-the-month declines occurring in textiles and apparel, wood products, and electrical equipment. In the past 3 years, some 2.7 million manufacturing jobs have been lost, including a decline of 431,000 this year. In August, the factory workweek was unchanged at 40.1 hours.

Within the information sector, the telecommunications industry continued to shed jobs. Employment in this industry has declined by 212,000 from its peak of 1.3 million in March 2001. Other sectors in which employment continued to trend down over the month were wholesale trade and transportation and warehousing.

Offsetting some of these losses, employment in the health care industry resumed growth, after showing little change in July. Health care has added over a quarter of a million jobs in the past 12 months.

Construction sector employment was up by 19,000 in August and has increased by 122,000 over the past 6 months. Temporary help employment continued to trend up, although the increases in July and August were notably smaller than the gains in May and June.

Average hourly earnings increased by 2 cents in August, following a 5-cent increase in July. Over the year, hourly earnings have risen by 2.9 percent.

Turning to data from our household survey, the number of unemployed persons and the unemployment rate were essentially unchanged over the month. The long-term unemployed continued to make up a little more than one-fifth of the jobless.

The civilian labor force was little changed over the month. Over the year, the number of persons marginally attached to the labor force was up. The subset of these persons who cited discouragement over job prospects as their reason for not searching for work also rose over the year. In August, they numbered half a million.

As a side note, I would point out that the blackout which affected parts of the Northeast and Midwest beginning August 14 occurred during the survey periods for both our payroll and household surveys. While this event caused significant disruptions to economic activities, it is unlikely to have had any effect on the employment estimates from either survey. In the establishment survey, persons paid for any part of the pay period that included the 12th were considered employed. In the household survey, persons who worked any part of that week as well as those who were

prevented from working because of the blackout were considered employed.

Business closings resulting from the blackout reduced the number of hours people worked. However, some people received pay for the hours not worked, and the payroll survey measures hours paid, rather than hours actually worked. In addition, the blackout required some workers to put in extra hours, and other workers made up the time they lost. Thus, while the net effect from the blackout on payroll hours estimates cannot be quantified, it is likely to have been small. In fact, the measure of average weekly hours was unchanged over the month.

Before closing, I would like to comment on employment trends as measured by the payroll and household surveys, an issue that has been receiving some attention recently. Since November 2001, the NBER-designated trough of the most recent business cycle, payroll employment has fallen while nonagricultural wage and salary employment from the household survey has been essentially flat. Some observers have speculated that the household survey provides a better indication of the trend in employment at and around turning points in the business cycle. It is our judgment that the payroll survey provides more reliable information on the current trend in wage and salary employment. The payroll

survey has a larger sample than the household survey-- 400,000 business establishments covering about one-third of total nonfarm payroll employment. Moreover, the payroll survey estimates are regularly anchored to the comprehensive count of nonfarm payroll employment derived from the unemployment insurance tax records.

To summarize the August data released today, payroll employment declined over the month, and the unemployment rate, at 6.1 percent, was about unchanged.

My colleagues and I would be glad to answer any questions you might have.