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Statement of
Keith Hall
Commissioner
Bureau of Labor Statistics
before the
Joint Economic Committee
UNITED STATES CONGRESS
Friday, August 1, 2008

Madam Chair and Members of the Committee:

I appreciate this opportunity to comment on the employment and unemployment data that we released this morning.

Nonfarm payroll employment continued to trend down in July (-51,000), and the unemployment rate rose from 5.5 to 5.7 percent. Thus far in 2008, payroll employment has fallen by 463,000, or an average of 66,000 per month. In July, job losses continued in several industries, including construction, manufacturing, and employment services. Health care and mining continued to add jobs.

Employment in construction declined by 22,000 in July. Since its September 2006 peak, construction employment has decreased by 557,000. Nearly three-fourths of the decline (-402,000) has occurred since October 2007.

Manufacturing employment fell by 35,000 in July. Job losses have averaged 39,000 per month thus far in 2008 compared with an average loss of 22,000 per month during 2007.

Employment services lost 34,000 jobs over the month, with nearly all of the decline in temporary help. Temporary help employment has declined by 268,000 since a peak in December 2006, with more than two-thirds of the loss (-185,000) occurring since January.

In July, employment in health care rose by 33,000, in line with the prior 12-month average. Mining added 10,000 jobs in July, the third consecutive gain of this magnitude.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 6 cents, or 0.3 percent, in July. Over the past 12 months, average hourly earnings rose by 3.4 percent. From June 2007 to June 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 5.4 percent.

Turning now to some of our measures from the household survey, both the number of unemployed persons, at 8.8 million, and the unemployment rate, at 5.7 percent, increased in July.

Over the last 3 months, there has been a notable increase in unemployment of youth (16 to 24 years). Each summer, millions of young people move into the labor market. This year, the summertime influx of youth into the labor market was about

the same as last year; however, fewer young people were able to find jobs. For the 3-month period, May through July, the unemployment rate for 16- to 19-year-olds averaged 19.0 percent, compared with an average of 15.7 percent for those same 3 months in 2007. Similarly, the May-through-July average jobless rate for 20- to 24-year-olds was 10.2 percent this year, compared with 8.0 percent over the same period last year. Not all of the increase in unemployment in the last 3 months was among youth; joblessness also rose among those 25 years and older.

The employment-population ratio for all persons 16 years and older was unchanged in July, at 62.4 percent, but has declined from 63.0 percent a year earlier. Among the employed, the number of part-time workers who would prefer to work full time continued to rise in July. The number of such workers has increased by 1.4 million over the past 12 months to 5.7 million.

To summarize July's labor market developments, payroll employment continued to trend down, and the unemployment rate rose to 5.7 percent.

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