

The November Review

The summary article by Norman C. Saunders does a far better job of summarizing this issue than I would be able to do, so I will let that go other than to acknowledge the authors of the four longer papers. Betty W. Su sets the economic context that the other articles assume. Mitra Toossi projects the demographic structures of the population and the labor force. Jay M. Berman discusses the industry-side projections and Daniel E. Hecker wraps up with the closely followed projections of occupational employment.

Perhaps the most interesting single item in the issue is the projection of continued decline, albeit very slight, in the aggregate labor force participation rate. The rate was just over 67 percent as the 20th century drew to an end, had edged down to 66 percent in 2004, and is projected to be 65.6 percent in 2014. While declines in the observed annual average participation rate are not unheard of, there have been 17 since 1949, this is the first instance we could find of a projected decline in the labor force participation rate being published in the *Review*.

Hurricanes and labor markets

Hurricane Katrina struck the Louisiana coast on August 29 and resulted in a tragic loss of life and significant disruptions of local economies in three States. On September 24, less than a month later, Hurricane Rita landed on the border between Texas and Louisiana. In spite of these storms, efforts by the Bureau of Labor Statistics (BLS) field staff, the Census Bureau, and our State partners obtained sufficient information from sample establishments and households in the affected areas to produce useful information about the effects of the storms.

A special page on the BLS Web site first established the conditions existing

before the disasters. According to data from the Quarterly Census of Employment and Wages (QCEW), “there were roughly 163,000 establishments in the areas most affected by Hurricanes Katrina and Rita—those requiring Federal relief to individuals as well as to State and local governments and certain nonprofit organizations. These establishments employed some 2.7 million workers and paid them approximately \$87 billion in wages in the fourth quarter of 2004. These areas accounted for 1.9 percent of all establishments in the United States and for substantially larger shares of the national total of establishments in the natural resources and mining (3.1 percent) industry and Federal and State government (3.0 percent each).

As of August 2005, not-seasonally-adjusted estimates based on information available for the period just before Katrina struck showed that the areas most affected by Hurricanes Katrina and Rita had a combined labor force of about 3.3 million workers, of whom 194,000 were unemployed. The unemployment rate for these combined areas was 6.0 percent, 1.1 percentage point higher than the rate for the United States as a whole.

The data for September 2005 were the first to reflect the impact of Hurricane Katrina. September figures began to be released on October 7 with the issuance of national data in “The Employment Situation.” At that time, the BLS Deputy Commissioner reported to Congress, “... one way to roughly gauge the impact of the hurricane on job growth in September is to compare the over-the-month employment change with the monthly average for the prior year. The change reported for September—a loss of 35,000 jobs—is about 230,000 less than the average monthly gain over the previous 12 months.”

The local impact was more sharply etched by the not-seasonally-adjusted local estimates for September. In

September 2005, the areas most affected by Hurricanes Katrina and Rita had a labor force of about 3 million workers, of whom 309,000 were unemployed. The unemployment rate for these most affected areas was 10.1 percent, 5.3 percentage points higher than the 4.8-percent rate for the United States as a whole. The overall unemployment rate in Louisiana was 11.4 percent in September. The most-affected areas in the State had an average unemployment rate of 12.4 percent. For 7 of the hardest-hit parishes in the State, individual unemployment rates are not available for September, because of the impact of Katrina on data collection. Mississippi’s overall September unemployment rate was 9.1 percent. In Mississippi, the most affected counties had an aggregate jobless rate of 10.5 percent. (These data and the local data above are not seasonally adjusted; therefore, over-the-month comparisons are discouraged.)

Mass layoff data for September 2005 also begin to reflect the impact of Hurricane Katrina on workers in Louisiana and Mississippi and, to a lesser extent, the impact of Hurricane Rita on workers in Texas. In September, the 10 industries reporting the highest number of mass-layoff initial claims, not seasonally adjusted, accounted for 70,955 initial claims, 37 percent of the total. More than 4 of 5 of these claims were filed against employers located in Louisiana (59 percent) and Mississippi (23 percent). In 7 of these 10 industries, which included shipbuilding, casinos, restaurants, and hospitals, the share of initial claims accounted for by Louisiana or Mississippi employers was 90 percent or higher.

For more information on the impacts of Hurricanes Katrina and Rita on labor market data and BLS programs see the BLS Web site page “Hurricane Information: Katrina and Rita” at <http://www.bls.gov/katrina/home.htm>. This page and the pages it currently links to will be updated as new data and analyses become available. □