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BEFORE THE

JOINT ECONOMIC COMMITTEE
CONGRESS OF THE UNITED STATES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

MARCH 7, 2008

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THE EMPLOYMENT SITUATION: FEBRUARY 2008

FRIDAY, MARCH 7, 2008

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
Washington, DC.

The Committee met at 9:30 a.m. in room SD–628 of the Dirksen Senate Office Building, the Honorable Elijah E. Cummings, presiding.

Representatives present: Cummings.

Staff present: Christina Baumgardner, Heather Boushey, Stephanie Dreyer, Chris Frenze, Nan Gibson, Colleen Healy, Tim Kane, and Jeff Wrase.

OPENING STATEMENT OF HON. ELIJAH E. CUMMINGS, A U.S. REPRESENTATIVE FROM MARYLAND

Representative Cummings [presiding]. Chairman Schumer and Vice Chair Maloney were unable to be with us for today's hearing, and so I thank them for asking me to chair this hearing on the February Employment Situation.

I want to thank all of our witnesses for testifying here today. I'm pleased that we have a second panel to examine the outlook for the labor market and to discuss the plight of the long-term unemployed.

The report we received this morning, is, frankly, shocking. It is shocking to the conscience, and, I'm sure, very shocking to the people who are suffering in our Nation.

The report shows that our economy lost 63,000 jobs, overall. Let me repeat that: The report shows that our economy lost 63,000 jobs, overall, in February, but I note that private-sector employment fell by 101,000.

At the same time, the unemployment rate fell by 0.1 percent, to 4.8 percent. This fall in the unemployment rate, which is occurring at the same time as jobs are being lost, seems to be happening because people believe that there are no job opportunities for them, and they are simply dropping out of the labor market.

In the last month, Dr. Hall told us that the labor force numbers almost define the existence of a recession. I am anxiously—anxiously eager to hear what Dr. Hall has to say about our economy, given the terrible numbers we received this morning.

Frankly, I believe that our economy stands poised on an uncertain cliff, threatening to throw our Nation into a crisis. Sadly, however, many very hardworking Americans across this great Nation, have already entered their own personal crises.

The traditional definition of a recession is two quarters of negative growth. Unfortunately, the difficulty in diagnosing a recession is that its existence can only be confirmed in hindsight when the data are seen to show that a slowdown has been definite and prolonged.

As a result, once we know we are in a recession, it's too late to prevent one. However, we do not need to recite the litany of familiar data to confirm that our economy is struggling.

One need only look to the millions of families who are struggling on a day-by-day basis, obviously struggling to find jobs, struggling to keep their homes, struggling to pay for gas and for home heating costs, and, yes, struggling to even pay for the food they eat.

Foreclosure filings have increased by 75 percent between 2006 and 2007. According to the Mortgage Bankers Association, a higher percentage of mortgages are past due or in foreclosure than at any other time since the Association started tracking such data in 1979.

Many experts fear that the peak in foreclosures has not yet been reached. At the same time, nearly 8.8 million homeowners now owe more on their homes than the homes are worth; another 41 million homes are not facing foreclosure, but are estimated to be likely to experience declines in value.

Obviously, employment is falling, but for a prolonged period, wages have failed to keep pace with inflation. Wage growth also continues to slow, breaking the historic relationship between increased production and real wage growth.

According to a report by the Joint Economic Committee, since late 2001, productivity has shown an average annual increase of 2.5 percent, but wages have experienced an average annual increase of just 1.2 percent, after inflation. You do the math.

This is particularly disturbing in light of the skyrocketing prices for everything from food to gasoline and heating oil. In January, we saw the Consumer Price Index rise by 0.4 percent; oil prices climbed to nearly $106 per barrel yesterday, and there is talk of gas prices already reaching $4 a gallon.

I must note that it was a little bit shocking that the other day, the President of United States was not aware of that.

Families are also facing heating costs of more than $2,000 per household this winter, over three times the costs in 2001. Unfortunately, while we debate the specific standards of our economy, the data I just recited, don't paint the real picture of people whose dreams, too long deferred, are now in danger of being completely destroyed.

Every day in my district in Baltimore, only an hour's drive from here, I see the desperate look of those who are watching the homes and the lives in which they invested their money and every ounce of their energy in danger of slipping from their grasp.

As a matter of fact, today, on the front page of the Baltimore Sun, there is a very interesting article about the many people in my district who are struggling to hold onto their homes.

Our Nation needs to do whatever is necessary to create an economy that works for our citizens. Congress recently passed a stimulus package to try help stave off the recession that may be coming or the one that's already here.

Although the package will offer some relief to millions of hard-working families, the stimulus package was missing critical provisions addressing unemployment benefits and food stamps.

Further, the package included nothing to support expanded investments in our Nation, particularly in areas like infrastructure development, where investments create roads and public transit systems, at the same time they create jobs and create a better environment for Americans to travel.

Our Nation's top priority must be meeting the needs of our citizens and investing in our success. The recent stimulus package, much like the recent rate cuts by the Fed, is only a temporary patch.

We cannot continue to keep patching a lagging economy without also addressing the root causes of our problems, particularly the mortgage crisis.

The American people deserve better; we can do better, and we must do better.

[The prepared statement of Representative Cummings appears in the Submissions for the Record on page 35.]

Representative Cummings. With that, I now will call and introduce Dr. Keith Hall, the Commissioner of the Bureau of Labor Statistics at the U.S. Department of Labor.

Before coming to the Bureau of Labor Statistics, Commissioner Hall served as Chief Economist for the White House Council of Economic Advisors under the current Administration, and prior to that, he was Chief Economist for the United States Department of Commerce.

Dr. Hall received his B.A. Degree from the University of Virginia, and his M.S. and Ph.D. Degrees in economics from Perdue University. Dr. Hall, thank you once again for being with us. You may proceed.

STATEMENT OF DR. KEITH HALL, COMMISSIONER, BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC

Commissioner Hall. Thank you, Mr. Chairman and Members of the Committee. I want to thank you for this opportunity to discuss the February labor market data that we released this morning.

Non-farm payroll employment edged down in February, and the unemployment rate was essentially unchanged at 4.8 percent. Private-sector employment declined by 101,000 jobs, with losses in manufacturing, construction, and retail trade.

Employment growth continued in healthcare and food services. Although housing-related sectors accounted for much of the job decline, job growth appears to have weakened across nearly every industry, with the exception of health care and Government.

Manufacturing employment fell by 52,000 in February, and has now fallen nearly 300,000 over the past 12 months. Construction employment fell by 39,000 in February, and has now fallen by 222,000 over the past 12 months.

The February decline in retail employment was 34,000 and included losses in department stores, building materials and garden supply stores and auto dealers.

Average hourly earnings for production and non-supervisory workers in the private sector rose five cents in February, and have increased 3.7 percent over the past 12 months.

Over the 12 months ending in January, inflation has outpaced the growth of average hourly earnings, 4.6 percent, compared to 3.7 percent for wages.

The unemployment rate, at 4.8 percent, was essentially unchanged in February.

The unemployment rate is the same as its average during the fourth quarter of last year, 4.8 percent, but is above the 4.5 percent average during the first half of 2007.

Although unchanged in February, the number of unemployed persons is 544,000 higher than a year ago. This increase has been concentrated among persons losing jobs with no expectation of being recalled.

The number of persons unemployed for other reasons, such as voluntarily leaving a job or newly entering the labor market, has been little changed over this period.

In terms of duration of unemployment in February, 36 percent of unemployed have been searching for less than 5 weeks. About 19 percent have been searching for 27 weeks or longer. These proportions are essentially the same as a year earlier.

The labor force participation rate in February declined to 65.9 percent, but has been at or near 66 percent since the second quarter of last year.

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, up about 600,000 from a year ago.

Among those not in the labor force in February, about 1.6 million were marginally attached to the labor force, up slightly over the past 12 months, and there were about 400,000 discouraged workers, about the same as a year ago.

So, to summarize, payroll employment edged down in February by about 63,000, and the unemployment rate was essentially unchanged.

I'd be happy to answer questions.

[The prepared statement of Dr. Keith Hall appears in the Submissions for the Record on page 37.]

Representative Cummings. Thank you very much, Dr. Hall. I just want to just go through some of the things that you've said, and see if we can't shine some light on some of this.

I'd like to start by drawing your attention to the chart, which shows that the pace of payroll job growth has come to a halt in recent months. Does the picture represent the BLS data accurately?

Commissioner Hall. Yes, it appears to.

[The chart referred to, "Monthly Change in Nonfarm Payrolls," appears in the Submissions for the Record on page 92.]

Representative Cummings. First, what kind—tell me, what kind of job creation, do we need each month, just to keep pace with population growth?

Commissioner Hall. Given current population growth, we need about 150,000 jobs a month.

Representative Cummings. Does that number change, Dr. Hall, when we—at all, when we come to May, when thousands of young people will be coming out of college, looking for jobs? Does that figure change?

Commissioner Hall. Yes. This figure is sort of a seasonally adjusted number, so, we take that into account.

Representative Cummings. So this is more of an average; is that correct?

Commissioner Hall. Yes.

Representative Cummings. And over the past year, we've seen sharp declines in employment in housing-related sectors of the economy; is that right?

Commissioner Hall. Yes.

Representative Cummings. But now it seems that employment losses and slow payroll job growth are now spread across a wide array of industries.

Can you tell us where job losses began and what industries are now seeing employment losses?

Commissioner Hall. In the past 3 months, employment trends in both retail trade and wholesale trade have shifted from job gains to job losses.

Construction and manufacturing have been experiencing a sustained period of job decline, and those losses have now deepened since November.

Professional and technical services and leisure and hospitality have continued to add jobs over the past 3 months, but at a much slower pace, and, as I mentioned before, only the Government sector and education and health services have seen sustained job growth since the beginning of 2006.

Representative Cummings. And so, what does that tell us? I mean, you look at these figures, and I know—I'm sure you sleep with them and wake up to them; what does this tell you when you see this kind of trend?

Commissioner Hall. Sure. We've clearly had a broad weakening in the labor market, and we seem to be at a point where the labor market job growth is fairly flat right now. We're at a pause or a stall, at least, at the moment.

Representative Cummings. You're saying it's stalled; is that what you said?

Commissioner Hall. Yes.

Representative Cummings. And does "flat" and "stalled" mean the same thing?

Commissioner Hall. Yes.

Representative Cummings. You just used both of them, and I want to make sure we're talking about the same thing.

Commissioner Hall. Yes.

Representative Cummings. What would be the next level down, based upon your vocabulary, from flat and stalled, since they mean the same thing? What's the next level down?

Commissioner Hall. Where we start—the next level down, I suppose, it's sort of a qualitative thing.

We would start to see sustained job losses broadly through the economy, and we've already seen sustained job losses in manufacturing and construction, so, first of all, not the entire economy is

stalled; some parts of the economy are experiencing job losses right now.

Representative Cummings. But I assumed that when you said "flat" and "stalled," you were more or less talking about sort of an average kind of thing.

Commissioner Hall. Yes, that's right.

Representative Cummings. I just want one word. Just give me a word, because I want to use that word. What is the word that you would use if you were going from "stalled" and "flat," what's the next level down in the vocabulary that you would use with your colleagues here?;

Commissioner Hall. I guess I would go—the next level might be broadly declining.

Representative Cummings. Broadly declining?

Commissioner Hall. Yes.

Representative Cummings. OK, I'll write that down. Now, while up till now, job losses have been concentrated in construction and manufacturing, this month we see job losses in the private service-producing industries, which comprise most of the economy; is that right?

Commissioner Hall. That's correct.

Representative Cummings. Can you tell us what service industries have seen a slowdown in job creation and how widespread this trend is?

Commissioner Hall. In services, it's very widespread; it's pretty much all the service sectors, with the exception of education and health services and Government, have pretty much had a real slowing in job growth.

Representative Cummings. So, when you have—when we get to service industries and we see what's happening there, what you just described, what does that tell us? Is there any analogy here to the canary in the cave situation?

Commissioner Hall. Yeah, it's hard to say that. I think the labor market, the jobs numbers, are what you might call coincident indicators; they give you a real good feel about what's actually going on right now in the economy.

The basic numbers, I'm not sure how much they tell you about going forward, whether we know whether this pause will continue or actually move to a decline, or whether we'll get a recovery of some sort.

Representative Cummings. So we don't know whether we are broadly declining; is that correct?

Commissioner Hall. That's correct.

Representative Cummings. And so how long would it take? I mean, if we had, say, 2 or 3 months of this, do you think you'd be inching toward the broadly declining statement, or would you still be with this flat situation that you talked about a moment ago?

Commissioner Hall. Well, certainly in the next month or two, we'll be able to tell better, whether this is showing signs of getting to be a bigger problem with the labor market.

Representative Cummings. Tell me—just give me the significance of service. Is that usually like the last category that you—I mean, you see things declining in the construction industry, and

you named a few others, and when you get to service, is there something particularly significant about that?

Commissioner Hall. I think it's fair to——

Representative Cummings. That is, the decline in jobs in that area?

Commissioner Hall. I think it's fair to say, services are maybe a little less volatile than goods, in terms of the employment. Services were certainly quicker to turn around during the last expansion, than, say, manufacturing and construction.

One of the ways I would cut it, perhaps, besides services versus goods, would be maybe durable versus nondurable goods. One of the things you certainly see in economic slowdowns, you see durable goods, in particular, take a hit, and durable goods employment, in particular, takes a hit.

Representative Cummings. In fact, last month, you said, and I quote you here, you said, quote, "To some degree, I think recessions are often are almost defined by the labor market."

Commissioner Hall. Yes.

Representative Cummings. And I'm continuing the quote, because I want to make sure you said this.

Commissioner Hall. Yes.

Representative Cummings. "At least in my mind, a recession is where economic growth slows enough where that it is no longer creating jobs for a sustained period of time." End of quote.

Do you remember saying that?

Commissioner Hall. I do.

Representative Cummings. You did say that?

Commissioner Hall. I did.

Representative Cummings. Now, given this month's job losses, would you say that we're in a recession or at least very near one?

Commissioner Hall. I don't want to speculate about where we go from here.

Representative Cummings. I didn't ask you to speculate where we go from here. I asked you whether we're in a recession.

Commissioner Hall. I don't want to make that judgment, and I'll tell you, in part, because I handle the data, I don't want to sort of characterize it more than just sort of what the facts are with the data.

Representative Cummings. I understand.

Commissioner Hall. It is fair to say that the labor market has stalled at the moment, and during past economic downturns, there has been—it's almost, by definition, a sustained period of where there are sustained job losses for several months.

Representative Cummings. I understand.

Commissioner Hall. And almost the rule of thumb about two quarters of decline in GDP, that almost always coincides with several months of real job decline.

Representative Cummings. Now, I'm not trying to get you to predict anything.

Commissioner Hall. OK.

Representative Cummings. I'm just going to go back to what you just said. I will ask you then, so, in other words, if we saw this trend that we see today—and I would ask you—I'm not trying to get you to predict anything.

Commissioner Hall. Right.

Representative Cummings. If we had the same trend that we have today, 3 months from now, 2 months from now, you would have to almost conclude, without telling the world, keeping it our secret, that we're in a recession. I didn't say "predict it," I said, if it were. I know this is hypothetical.

Commissioner Hall. Right, right. To be honest, I really wouldn't want to make that judgment. I can tell you that in past periods that have been declared a recession, there were broad job declines across the economy.

At the moment, we don't have that yet. We have declines in a couple of sectors, and most of the other sectors have essentially stalled. But we don't have large declines in employment across the economy yet.

Representative Cummings. And you're taking into consideration, people who have just given up on looking for jobs, too; is that right?

Commissioner Hall. Yes. And that's why you need to look at more than just the job growth; that's absolutely right. If you look at the number of discouraged workers and people moving to part-time, you get a more complete picture of the state of the job market.

Representative Cummings. And when you say that, do you also take into consideration, people who are now—they had to settle for a job that—where they're earning a lot less money and have either no benefits or less benefits than they had before, because, in a sense, they are no longer in that economic situation that they were before; they don't have the ability to purchase, and yet still prices are going up.

I mean, do you take that into consideration, also?

Commissioner Hall. I would. It's very hard to measure that, though.

Representative Cummings. Sure.

Commissioner Hall. The sort of thing I think you need to look at, is things like people who are working part-time for economic reasons, which, essentially, those are folks who are working part-time, but who would like to be working full-time.

That's the sort of data that I think of as more directly answering that question. Actually, it's hard to tell whether people are in jobs they don't like.

Representative Cummings. I understand; I understand. Let's discuss the unemployment rate. Some people have said that because unemployment is relatively low, in historical terms, we don't yet have an unemployment problem.

However, others point to the employment rate, the share of the United States population who have jobs, as a better indicator of how well the labor market is performing.

Now, according to today's report, the unemployment rate was statistically unchanged last month, at 4.8 percent, yet the employment rate dropped—the employment rate dropped—to 62.7 percent. What are the differences between the unemployment and the employment rates, and how have they each fared over the past few years?

Commissioner Hall. The real difference is labor force participation, between those two. If labor force participation is constant, then those two things are going to tell you the same story, because one is looking at the unemployed versus the labor force; the other is looking at the employed versus the population.

So, the difference is labor force participation. If you look at labor force participation and the unemployment rate, you should get the same picture as you do with the employment rate.

How they have fared lately, I think the labor force participation rate hasn't had any major movement; it's been hovering around 66 percent, and the unemployment rate has also been hovering around its current level, at least since the fourth quarter of last year till now, but it has risen from the first part of 2007.

If nothing else that's a reminder that this weakening in the labor market is not a sudden thing; this has been happening now for over a year, that we've had this steady weakening.

Representative Cummings. Is that of concern to you, I mean, that this has been happening over a year, and it does not seem to be going in the opposite direction?

Commissioner Hall. Yes.

Representative Cummings. And can you tell us why that concerns you?

Commissioner Hall. Well, obviously, one of the things that's important with any of the economic data, is the trend. You know, if you look at the level of things from month-to-month, things go up and down, because the measurement is imperfect.

But if you look at the trend, that's where you get a real picture of where your labor market is, and obviously, it raises concerns about where it's going.

Representative Cummings. So there are a lot of people, apparently, who don't have jobs.

Commissioner Hall. Yes.

Representative Cummings. And when we look just at the unemployment rate, we don't necessarily—if we're just looking at the unemployment rate, we don't get a true picture, do we?

Commissioner Hall. No, you don't; you need to look at other things besides the unemployment rate; that's correct.

Representative Cummings. And that's because so many people have probably given up?

Commissioner Hall. That happens, yes.

Representative Cummings. And perhaps the jobs are not there?

Commissioner Hall. Yes.

Representative Cummings. Are there any other reasons?

Commissioner Hall. Oh, no, that's a good reason why you need to look beyond the unemployment rate, absolutely.

Representative Cummings. OK. Typically, African Americans see an unemployment rate that is twice the level of whites. Is this the case this month?

Commissioner Hall. Yes, it is. I think the unemployment rate this month, fell to about 8.3 percent, and that's about in line with the way it's been for all of 2007, and that is, obviously, quite a bit higher than the overall average.

Representative Cummings. Is it also true that African Americans also have a lower employment rate, and if so, how much lower?

Commissioner Hall. They do have a lower employment rate, and I want to dig the number up here for you.

Representative Cummings. Mr. Rones, how are you doing?

Mr. Rones. I'm good. How are you?

Representative Cummings. Good seeing you again. I forgot about you all. Mr. Horrigan, good seeing you also.

[Pause.]

Mr. Rones. So, the employment/population ratio for whites was 63.3 percent in February; for blacks or African Americans, it was 58.4 percent.

Representative Cummings. What's that, about 5——

Mr. Rones. Five points lower.

Representative Cummings. Five points lower. Is the discrepancy between the unemployment and the employment rates, because people are leaving the labor force, do you think, overall?

I've moved now from the African American situation.

Commissioner Hall. The actual number of unemployed hasn't changed that much over the past 12 months. The number of unemployed is still about 7.4 million.

[Labor Department witnesses confer.]

Commissioner Hall. I'm sorry.

Representative Cummings. That's OK.

Commissioner Hall. Yes, actually, it's up. The number of unemployed has grown from about 6.8 million to 7.4 million.

Representative Cummings. Of unemployed?

Commissioner Hall. Of unemployed, that's correct. And for those not in the labor force, I think I had this in my earlier statement, the level that are marginally attached to the labor force, that's up slightly over the past 12 months, but it's about 1.6 million.

Representative Cummings. And when you say "marginally attached," what does that mean?

Commissioner Hall. That means that people who want to work and are available to work, but they're not currently looking for work. So they are people who have looked for work in the past 12 months, they're not looking right now, but they want to work and they are available for work.

Representative Cummings. But there is one factor that you left out. Are there jobs for them?

Commissioner Hall. Well, yeah, obviously, that can be a reason for why this number changes over time.

Representative Cummings. All right, I just wanted to make sure we had the whole picture there.

Commissioner Hall. Absolutely.

Representative Cummings. How high would the unemployment rate be, if it included those who worked part-time for economic reasons, as well as those who were marginally attached to the labor force, and has this been changing over the past year?

Commissioner Hall. That number is actually our broadest measure of unemployment. We have some alternate measures, rather than just the unemployment rate.

That's at about 8.9 percent, and that's up from about 8.1 percent a year earlier.

Representative Cummings. The key theme of today's hearing, as shown in the chart, is that the share of the unemployed who have been out of work for at least 6 months is relatively high. We have a chart here that shows the trends.

[The chart referred to, "Share of the Unemployed Who Have Been Out of Work for Six Months or More," appears in the Submissions for the Record on page 95.]

Can you tell us about these trends in the long-term unemployed? Did this indicator ever recover from the 2001 recession, and how does it look in historical terms?

Commissioner Hall. Well, this indicates that the number of long-term unemployed, as you might expect, typically peaks somewhat after a recession, after an economic downturn, because people have to be unemployed for 6 months.

And the typical pattern has been that this number has gotten as high as 2.5 percent of the labor force. This past recession, it got to be almost 1.5 percent of the labor force, and it's been in steady decline down to about 0.75 percent of the labor force.

In past business cycles, this decline has continued on down to less than half a percent, so I guess to summarize, the trend in long-term unemployed, typically goes all the way down to about half a percent of the labor force, and we haven't gotten there yet. Over the past year or so, this decline has stalled.

Representative Cummings. And you have clear data on that; is that right?

Commissioner Hall. Yes, we do.

Representative Cummings. And I guess that's easy to track, because you look at who the unemployed were, and you then see that they've run out of benefits; is that how you do it?

Commissioner Hall. No. We do it as part of our survey.

Representative Cummings. I got you, OK. Have high levels of long-term unemployment been concentrated in particular regions of the country, or, in particular, demographic groups defined by education, race, or gender?

Commissioner Hall. Yes. In 2007, about 20 percent of the jobless were in the Midwest and Northwest regions. I'm sorry, about 20 percent of the jobless in the Midwest and Northeast regions, were long-term unemployed.

That's compared to about 17.6 percent for the country, as a whole.

The South and Western regions had long-term jobless rates of about 16.6 percent and 15 percent, respectively, and that's below the average.

Representative Cummings. And where was that?

Commissioner Hall. South and Western regions, where about 15 to 16.6 percent of the unemployed were long-term unemployed.

Representative Cummings. And has this changed over the past year?

Commissioner Hall. Yes, I'd say the Midwest and Northeast regions have had more than their share of long-term unemployed.*

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* **BLS notes:** Long-term jobless rates for all regions were little changed from 2006.

Representative Cummings. And why is that; do you know?

Commissioner Hall. That, I don't know. I haven't looked at it carefully. The most obvious thing has been that job growth simply hasn't been as strong during this economic expansion in those regions.

I haven't looked at that, but that would be my anticipation, but I don't know.

Representative Cummings. I mean, do you normally look at things like that? In other words, if you see that people seem to be employed in one area and not employed in another, and it's a relatively significant difference, is that something that would concern your organization?

Commissioner Hall. Yes, absolutely. We do collect data on States and regions, and if you look sometimes at regions and States, you can see a rather different economic situation.

You can literally have States that are in an economic downturn, while the rest of the economy is in an expansion.

Representative Cummings. And are the long-term unemployed concentrated among older manufacturing workers who may have been displaced due to plant closures in places like upstate New York, Ohio, Michigan?

Commissioner Hall. For the Nation as a whole, the long-term unemployed, that's about 17.6 percent. That's the average.

In Michigan, it's 24 percent; in New York, it's 22 percent; and in Ohio, it's about 18 percent; so those are three examples that are above average.

Representative Cummings. And some industries, especially in manufacturing, had a tradition of temporary layoffs followed by recall, as the economy improved.

To what degree is the relative growth in long-term unemployment, due to changes in the industrial structure of the economy?

Commissioner Hall. That, to me, is unclear. I haven't done a detailed study of that. Certainly, one obvious reason for this, the recent rise in long-term unemployment, is the relatively slow growth of job growth, broadly, in the economy.

That's clearly a contributing factor. I don't know how much it's been from changing industrial structure.

Representative Cummings. Now, it's common to see high levels of long-term unemployment at the end of a recession. Is there a recent precedent for a situation like we are seeing today, where we're seeing such high levels at the start of an economic slowdown?

Commissioner Hall. That's a good question. I think—I'm sort of looking at some of the data right now.

[Pause.]

The most notable thing is, in fact, that we are starting from a fairly high level, and we're starting to see the a long-term unemployed rise.

Representative Cummings. That's a major problem, isn't it?

Commissioner Hall. Yes.

Representative Cummings. So, do you have anything good to say——

[Laughter.]

Representative Cummings [continuing]. To the people that might be watching this on CSPAN? It's getting a little depressing up here.

I'm not trying to be funny. I'm just—I guess I'm looking for something to—I mean, is there something good? I don't want you to go back to your neighborhood and everybody say, "We saw you on CSPAN, but you didn't have anything good to say."

Commissioner Hall. Well, I don't want to appear to be trying too hard here, but I——

Representative Cummings. Very seriously, I mean, I'm just trying to get to—we seem like we're marching down a road, Commissioner, where it's just dark.

And it seems like almost every answer I get—and you're doing a great job answering my questions—but I guess I'm trying to paint this picture of, is there—I'm looking for this light down the end of this tunnel, and I don't see it.

And I don't even see a match being struck at the end of the tunnel, let alone a light. So I'm trying to figure out, you know, what you see.

And I understand you don't want to predict. I'm just trying to figure out what you see.

Commissioner Hall. I'd say that the good news in here, I suppose, is not what I see, but what I don't see.

Representative Cummings. OK.

Commissioner Hall. We don't have broad losses in jobs. We don't have job loss, broadly. Right now, obviously, it's in manufacturing and construction, but most of the rest of the sectors are, at the moment, stalled.

Representative Cummings. And we're stalling in service?

Commissioner Hall. Yes.

Representative Cummings. And that concerns you?

Commissioner Hall. Yes, absolutely. But, as I say, the encouraging part is what we don't see at this point. We don't see large job losses, broadly, in the economy.

In past economic downturns, we've seen rather large increases in job loss, people who had jobs and lose jobs. We haven't seen that yet.

And again, we also haven't seen a large increase in the unemployment rate. But of course, if we don't get stronger job growth, we might then see a larger increase in the unemployment rate going forward.

Representative Cummings. Let me make sure I understand what you just said. Are you telling me that the people who—the vast majority, I guess—and again, correct me, I'm not trying to put words in your mouth.

Commissioner Hall. Right.

Representative Cummings. The vast majority of people who don't have jobs right now, are people that did not lose their jobs, but they're more or less people who, for whatever reason, came out of the job market and can't get back in. Is that what you're saying?

And I'd really like to know what you base that on, and I'd also like to know what percentages you're talking about. I spent the weekend up in Ohio, last weekend, talking to a lot of people, and a lot of the people that I talked to have lost jobs.

Commissioner Hall. Let me clarify a little bit. The people who lost jobs, they're still the majority of the unemployed; they've lost their jobs.

Representative Cummings. OK.

Commissioner Hall. But what we're not seeing—and, again, I say that the good news is what we're not seeing.

In the past downturns, this number has increased dramatically.

Representative Cummings. Let me just stop you right there, because I want to make sure. We have a group of people over here who actually did lose their jobs.

Commissioner Hall. Yes.

Representative Cummings. And so they're out there with no work.

Commissioner Hall. Yes.

Representative Cummings. OK. Then there is another group of people who are no longer—who, for whatever reasons, came out of the job market, but can't get back in. Maybe somebody left to perhaps have a baby, or, you tell me.

I mean, the kinds of things. Maybe they just decided to take a break; is that OK?

Commissioner Hall. Yes.

Representative Cummings. Now, is there another group that would have no job? I guess there's the other group that perhaps is coming out of school, new to the employment picture, that don't have a job, right?

Commissioner Hall. Correct.

Representative Cummings. Is there another broad group that you can think of?

Commissioner Hall. No, I think that's basically it.

Representative Cummings. Can you break those down into percentages, just off the—I mean, just generally. I'm not trying to hold you to that. Just give me an idea, so that we'll have a clear picture.

Commissioner Hall. I do think I have got that somewhere. Let me take a quick look here.

Representative Cummings. So those are the kind of stats you also keep?

Commissioner Hall. Yes.

Representative Cummings. Oh, wonderful.

[Pause.]

Mr. Rones. Mr. Chairman, you have maybe 7 million unemployed people. So that is one group of people who do not have jobs. There are toward 70 million adults who are out of the labor force for a whole range of reasons, many of those—the vast majority have no interest in work at this particular time. But they are——

Representative Cummings. Seventy million?

Mr. Rones. Roughly speaking.

Representative Cummings. Seventy million Americans have no interest in working? Is that what you just said?

Mr. Rones. Sure. And a lot of those are people who are students, full-time students, retirees, homemakers who choose to do that. So it is very large group. Actually I see it is up toward 80 million. But within that group are a lot of people who you have alluded to: Students who will graduate at the end of the semester in May or June

who will be coming into the labor force; people whose personal situation changes. For instance, they had had family responsibilities but they do not have them anymore. Or their kids are 6 now instead of 5 and they are in school and they can work.

And so you actually get in any month and in any year a lot of people coming into the labor force who perhaps the last year had been out of the labor force. And those are people who are looking for work.

The main thing that we are seeing now, as the Commissioner referred to, is not that you have a lot more people losing jobs—in fact, we really do not have more people going from employed to unemployed—it is that once they are unemployed, they are having a harder time finding new jobs.

And that is what typically happens when the job market slows down. It is not that there are mass layoffs; it is that when you are unemployed, all of a sudden people are not hiring as much as they were hiring before. And that is what we are starting to see now.

Representative Cummings. And one reason for that, I guess, would be attrition. In other words, people see that they can do without, or because the economy does not allow them to hire more people—I mean, this is just a guess—and so the employer says: I am not going to replace folks in those positions.

Is that one of the reasons, do you think?

Commissioner Hall. Yes.

Representative Cummings. And let me tell you where I am going with this, because I am almost finished. I guess when I listen to all of this, it seems like we seem to be extending some unemployment benefits, wouldn't you say, Mr. Hall—Commissioner Hall?

Commissioner Hall. I don't know that much about the unemployment benefits.

Representative Cummings. You know that there are people who do not have—they have run out of benefits, and they—I am just going to give you a little lesson here—and then they do not have money to do the things that they need to do, like buy groceries and take care of their kids, and buy clothing, and buy gas, and they run out.

And you have the figures of the people who have run out, and you have the figures of the people who cannot find jobs. I mean, at some point it seems like somebody has to say: You know what, we have got a lot of people who are in trouble and we need to do something to help them.

And I know, I know, I know, that is out of your—you know, you do not like to give opinions, but you keep these stats, and this is what you do. And I am just kind of figuring out, you must think about this, don't you?

Commissioner Hall. Sure. Sure.

Representative Cummings. And what do you think?

Commissioner Hall. Well I certainly think the unemployment insurance programs are important.

Representative Cummings. And do they need to be extended?

Commissioner Hall. I do not want to offer a judgment on that.

Representative Cummings. I understand. OK, let me just ask you something else. In the recessions of the early 1900s and the early 2000s, the unemployment rate was at 5.7 and 7 percent re-

spectively when Congress extended the unemployment insurance benefits. While that is higher than what we see today, is it not also the case that the share of the unemployed who are long-term unemployed is higher today than it was in the early 1900s and the early 2000s when Congress extended Unemployment Insurance benefits?

Commissioner Hall. I am not sure when the unemployment benefits were extended, but the percent of the labor force that is long-term unemployed is about the same as it was in roughly 1996–1997; so 1996, to say 2001, the share of the labor force that was long-term unemployed was lower than it is now.

Representative Cummings. OK. Let's talk about wage growth for just a moment. How well the labor market is performing is not just about employment, but also about wages. Is that right?

Commissioner Hall. Yes.

Representative Cummings. These trends also look very disappointing. Would you agree?

Commissioner Hall. In terms of real wage growth, yes.

Representative Cummings. Yes. This chart here shows that inflation adjusted wage growth has turned negative in recent months. Did wages fall again compared to inflation in February?

[The chart referred to, "Annual Change in Real Earnings," appears in the Submissions for the Record on page 93.]

Commissioner Hall. We do not have inflation data for February, so I do not know.

Representative Cummings. My understanding is that wage growth should be tied to the productivity of workers. That is, how much stuff workers produce per hour. But has that been the case, or has it been that productivity growth has far outpaced wage gains over this entire business cycle?

Commissioner Hall. Productivity has outgrown real wage growth. From 2000 to 2007, productivity grew about 2.5 percent a year, and real hourly compensation—which has been deflated with consumer prices—has grown about 1.3 percent a year.

Representative Cummings. So in other words we have been producing more and making less? Is that right? Is that what you are saying?

Commissioner Hall. Well, not——

Representative Cummings. I just want you to tell me, interpret what you just said.

Commissioner Hall. OK. Not making less, but so far in this decade the growth of compensation has not matched the growth in productivity.

Representative Cummings. That is what I said. Maybe we are just saying it a different way.

Commissioner Hall. Yes.

Representative Cummings. In other words, Americans are working hard, and their efforts are producing things, but while they are producing all this and working hard their wages are not staying level with that level of production? Is that right? Is that a fair statement?

Commissioner Hall. Yes. Over this time period, yes.

Representative Cummings. Is that unusual?

Commissioner Hall. It is not unusual for compensation to lag productivity in the early parts of an expansion, but if we deflate hourly compensation with the implicit price deflator for the goods and services that workers and producing, it typically catches up by now.

Representative Cummings. And should it have caught up by now?

Commissioner Hall. In the past it has. So typically it has, but it has not yet in this expansion.

Representative Cummings. OK, let's zero in on right where you are. So in the past, by now it would have caught up?

Commissioner Hall. I think that is a fair statement, yes.

Representative Cummings. And so it is not happening the way it has happened in the past. And what does that say? What does that tell you?

Commissioner Hall. Um——

Representative Cummings. And a little earlier you talked about trends. You said trends are very significant because they show you where we are going. And although you do not do any predicting—I understand that—but what does that say?

Commissioner Hall. I think this is consistent with the generally weaker job growth that we have had during this expansion. It is part of the overall picture that the labor market hasn't been as strong during this expansion so far.

Representative Cummings. And I guess when you throw into the formula the fact that health care is going up, and people do not have in many instances the benefits that they once had, that just—I guess that is not part of your measuring there, is it? Or is it?

Commissioner Hall. Well the compensation includes employer-provided health care, but it does not measure privately paid health care.

Representative Cummings. I see. So a person, even if they got a job and if they were making more money, were making a decent wage, now if they had benefits now—they do not have benefits—and they have that one incident that happens where they go and are treated for a day or two in a hospital and come out with a $15,000 to $20,000 bill, they have got problems?

Commissioner Hall. Certainly.

Representative Cummings. Over the past year, have changes in wages been the same across the wage distribution, or have they been concentrated among higher or lower paid workers?

Commissioner Hall. It seems to be actually fairly even if you look at broadly—I am going to switch to median usual weekly earnings because we have that broken down by deciles—from the fourth quarter of 2006 to the fourth quarter of 2007, real median weekly earnings have been little changed for the overall, the median.

That is also true of the 9th decile, which is the fairly high paid folks, and it is also true of the 1st decile, the low-income folks. So it actually has been fairly consistently—we have seen very little real wage growth for either of the groups.

Representative Cummings. So we have got a lot of people who are unemployed. We have got a lot of people who cannot—we have got a lot of people who have lost jobs. We have got a lot of people who went out of the job market and cannot get back in. And then

we have got all these students who are going to be graduates in May who are probably not going to be able to find jobs.

But I want to concentrate on them for just a moment. What do you see for them? You know, we have all these parents who have paid all this tuition, and young people who have worked hard, done everything they know how to get the good grades, and now they are about to enter this job market. When we compare the market that they would have entered, say last year to this year, is it about the same?

Commissioner Hall. Certainly economic growth is not as strong now as it was a year ago.

Representative Cummings. So they are going to have a tougher time getting a job?

Commissioner Hall. I do not know about going forward. It would be nice if economic growth would pick up, but if things stay like they are now they would have a tougher job.

Representative Cummings. I am talking about 2 months from now. Maybe 3 months. And people are beginning to hire now. Young people are actually getting commitments now for jobs. So we have got young people—so that is going to add. If things continue to go at the rate they are going, we are going to have a group of young people who I guess are going to either—I guess they are going to have to go back to mom and dad.

Commissioner Hall. Yes, that is certainly—when you have a slow or stalled job market, that is certainly—you have people who go back to school, stay a little longer at school, and people do have trouble entering the job market.

Representative Cummings. Let me ask you this: I said in my opening statement—and I am finished now—I said that we can do better as a Nation, and I truly believe that. I believe we can do better.

I am just wondering. I mean, I am always reluctant to ask you questions, Commissioner, because I know you have this little box you operate in, and I want to try to take you out of it just a little bit, but what do you say to the powers that be when they say: Well, what can we do? You have got the information. What is it that we need to do to try to straighten some of this out to try to do better?

Commissioner Hall. Well, without getting into policy issues——

Representative Cummings. Without getting into policy.

Commissioner Hall. Without getting into policy issues, strong economic growth is just extremely important. When you have enough growth, it supports job growth. It makes a huge difference.

This is one of the reasons why it is very important to avoid business downturns, the business cycle, because it is very costly. People lose jobs. Unemployment goes up. And it picks on certain groups: the people who are less educated, less trained; it picks on some minorities; those unemployment rates go up quite a lot during economic downturns.

It is important, extremely important, to do what you can to avoid these.

Representative Cummings. And now for "the" question. How do you do what you just said?

You said it is important that you avoid it. How do you do that? I mean, because there are a lot of people who are looking at you

right now saying: What do we have to do? Certainly this Congress, we are trying to help our constituents, and we are trying to figure out what we can do to avoid—I mean, I am just keeping you in your own little, your box there.

Commissioner Hall. Well staying in my box——

Representative Cummings. OK, it's a big box, OK, a big box. [Laughter.]

Commissioner Hall.—I would have to say that is one of the reasons why we take a lot of time to collect economic data. That is why we spend a fair amount of money collecting data and providing it, so people can make decisions.

Economic downturns happen I think in large part when people have uncertainty. They do not know what is going on. And it is extremely important that people understand the economy. They have knowledge about the economy. They make informed decisions about the economy. I think that is extremely important. Not only do I mean individuals, I mean firms, and I mean policymakers as well.

Representative Cummings. So Commissioner, you just said the magic words. I think what you are saying is that your job is to provide the data, and that data shows us where we are going. It shows us whether we are going down the cave where we cannot see even the slightest match being lit. Definitely no light.

Or it may show us a new day, and sunshine. And we need to act on those things before—but I guess we needed to act before we just saw darkness. Is that a fair statement?

Commissioner Hall. Yes. Obviously the quicker you respond, the better the policy.

Representative Cummings. Is it too late?

Commissioner Hall. I do not know. I do not know. I will step a little out of my box. I think we have already been very aggressive in terms of our economic policy. The question will become: Were we aggressive enough, and were we early enough?

Representative Cummings. And when you say we have been already aggressive, I just want to know—I just want to understand when you said we were aggressive, what did we do?

Commissioner Hall. I think both with the Fed and the stimulus package. Those were not trivial things.

Representative Cummings. Yes. I understand. The Fed, I think we are beginning to see a little bit, maybe, but the stimulus package is still—you know, I was listening to Ms. Orman, I think that is her name—the other day, and she was saying to the people, when they get their money back from the stimulus package, not to spend it. She said, hold onto it because you are going to need it for gas. And, she said, you have got to get to work. And there are necessities that you have got to have.

She did not even say: pay your credit cards off, which surprised me. She said we are in a position where you do not want to get to a point where you cannot do the things that you need to do to survive, basically. And I thought that was a very, very, very, very, very sad commentary. Because it seems to work against the very reason why the stimulus package—I am not saying that she was wrong. She is probably right. But it just shows you—basically what she is saying is that folks are up against the wall, so do not think

you are going to go out there and buy that new purse with that money. That would be a major mistake.

Do you have any closing statements? I do not want to leave you hanging out here.

Commissioner Hall. No. Just that I appreciate the opportunity to talk about the data this morning. Thank you for having me.

Representative Cummings. Well I just want you to know we appreciate you, Mr. Rones, Mr. Horrigan, and thank you.

We will call our next witnesses: Professor Rebecca Blank, and Ms. Christine Owens, and Dr. Lowell Gallaway.

Good morning everyone.

Dr. Blank. Good morning.

Representative Cummings. Let me introduce our witnesses, and I want to thank you all for being with us. You all were here to hear all the testimony?

Dr. Blank. Yes.

Dr. Gallaway. Yes.

Dr. Owens. Yes.

Representative Cummings. That is helpful. Professor Rebecca Blank is the Henry Carter Adams Collegiate Professor of Public Policy at the University of Michigan. She is also professor of economics, and the co-director of the National Poverty Center at the Ford School.

She is currently on leave as the Robert V. Kerr Visiting Fellow at the Brookings Institution. She is the author of "Working and Poor: How Economic and Policy changes Are Affecting Low-Wage Workers," and "Measuring Racial Discrimination." Professor Blank graduated Summa Cum Laude with a B.S. Degree in economics from the University of Minnesota, and received her Ph.D. in Economics from the Massachusetts Institute of Technology.

Dr. Christine Owens is the executive director of the National Employment Law Project, an organization engaged in research, education, and advocacy on behalf of low-wage, unemployed, immigrant and other disadvantaged workers. Dr. Owens previously served as director of public policy at the AFL–CIO. Dr. Owens graduated Phi Beta Kappa with a B.A. from the College of William & Mary, and received her Juris Doctorate from the University of Virginia School of Law.

Dr. Lowell Gallaway is distinguished professor of economics at Ohio University. Dr. Gallaway's most recent book is "Out of Work: Unemployment and Government in 20th Century America." Dr. Gallaway received a B.S. in economics from Northwestern University, his M.A. from Ohio State University, and his Ph.D. from the Ohio State University.

Professor Blank, you may proceed.

STATEMENT OF DR. REBECCA M. BLANK, PROFESSOR, UNIVERSITY OF MICHIGAN, ANN ARBOR, MICHIGAN; A ROBERT V. KERR VISITING FELLOW, THE BROOKINGS INSTITUTION, WASHINGTON, DC

Dr. Blank. Thank you, Congressman Cummings. It is an honor to be here, and I appreciate the chance to talk about the labor market. There is much current discussion of recession and a wide vari-

ety of economic indicators are turning downward, yet the unemployment rate remains relatively low.

I want to argue this low unemployment rate is somewhat misleading and that we actually should be thinking in a different way as we compare it to earlier unemployment rates.

Let me quickly review some of the indicators of problems in the current labor market. We have been discussing them in the last panel.

First of all, there has been a marked slowdown in economic growth.

Secondly, wage growth has slowed over the last 6 months.

Thirdly, unemployment is quite high among a number of high risk groups. Whether you look at young workers, workers of color, or less skilled workers, their unemployment rates are higher now than they were at the beginning of the recession of 2000–2001.

Fourthly, indicators of labor market slackness are at high levels. We have already discussed the very high level of long-term unemployment. Indicators of marginal attachment of involuntary part-time work are also very high. So the share of the work force that is involuntarily employed part-time, that is marginally attached, or that is generally unemployed, is at 9 percent, which is very high.

Fifth and finally, coming from Michigan I have to note that some areas of the economy are very clearly in recession. Michigan's unemployment rate at the end of 2007 was 7.6 percent. So that leads us back to our starting question: If all of these problems are so bad, why is the unemployment rate so low?

Most important in answering that question is to look at the shifting age distribution of the civilian labor force. As the Baby Boom Generation has aged, the share in workers in older age groups has steadily grown while the share of younger age groups has fallen.

This has the effect of lowering the overall unemployment rate because older workers tend to have lower unemployment rates. In fact, unemployment is higher among every age group of worker in January 2008 compared to the beginning of the 2001 recession, and higher among most groups compared to the beginning of the July 1990–91 recession, even though overall unemployment is lower.

If you do a simple calculation where you take unemployment rates by age group and weight them by the earlier labor force composition, you find the unemployment rate actually goes up by half a point if we compare it to July 1990, the beginning of that recession.

In short, the shifting age distribution in the population should change our expectations about what constitutes high versus low unemployment. The same unemployment rate in January 2008 signals a greater problem than it did in earlier years.

There is another effect depressing unemployment rate, and that is the rising share of young men in jail or prison. I suspect you saw the report last week that 1 out of every 100 adult Americans are now in prison.

Our labor force statistics are based on civilian noninstitutionalized persons. They exclude the Armed Forces. They exclude people in jails and prisons.

I have done a very simple simulation in which I have added back in the Armed Forces. They are all employed. And made some rea-

sonable assumptions about what the jail population would look like if it were out in the work force. That is a population obviously that has been growing and coming out of the civilian labor force into jail, and that has been depressing our unemployment numbers.

It turns out that if you take account of the Armed Forces and of people in prison, unemployment rates would be higher. They would be substantially higher among young men, and very much higher among young Black men and young Hispanic men who are disproportionately affected by this.

In short, by expanding the prison population we have removed more and more young men from our labor market count. This reduces aggregate unemployment rates and makes the unemployment rate look better than it might otherwise.

Finally, if we want to understand why unemployment rates are low right now, there is one other very important comment to make. Unemployment rates and employment changes are lagging indicators of an economic slowdown. Unemployment rates are typically low when a recession begins. They rise during a recession, and they often peak after the recession has ended.

Hence, unemployment rates are not a good indicator of whether an economy has entered recession. In fact, if you look at the periods of recession versus unemployment, you can see unemployment peaking after the recession. We have actually put extended benefits on in both of the last two recessions after the recession ended. We waited so long that we were past the end of the official recession.

Because unemployment rises slowly, the political impetus to enact extended benefit legislation occurs later once unemployment rates are higher, and indeed that is why we have delayed putting on extended benefits in the past.

If you believe the U.S. economy is entering a serious economic slowdown, unemployment rates are likely to increase steadily over the months ahead. Should we enact extended benefits now? Or, as in past recessions, wait for the unemployment rate to rise further?

Even adjusting for population shifts, the unemployment rate is still lower than it was when extended benefits were put in place in past years. That might argue for waiting. There are a variety of people, however, who would argue—myself among them—that we waited too long in the past periods.

The unusually high rates of long-term unemployment in the current economy suggests a growing share of the unemployed who receive unemployment benefits will exhaust them without finding a job. That argues for moving faster, and I would personally recommend enacting extended benefits now, given the very high rate of long-term unemployment.

Only time will tell if our current economic slowdown leads to very rapid rises in unemployment rates over the next several months. It is certainly true the labor market looks like it did at the beginning of recessions in past history.

As with the rest of the economy, however, there are a good number of warning signals out there. I am very struck by the high share of the long-term unemployed and the very high number of people who are discouraged or involuntarily employed only part-time.

For those who are actively seeking work, the search is likely to be long in the current economy. Thank you.

[The prepared statement of Dr. Blank appears in the Submissions for the Record on page 67.]

Representative Cummings. Thank you very much.

Dr. Owens.

STATEMENT OF DR. CHRISTINE OWENS, EXECUTIVE DIRECTOR, NATIONAL EMPLOYMENT LAW PROJECT, WASHINGTON, DC

Dr. Owens. Thank you, Congressman Cummings, and thank you for inviting us to testify today.

The issue of today's hearings are of special concern to the National Employment Law Project, which for decades has helped unemployed workers get the unemployment benefits they need and that they have earned, and has worked with Members of Congress and allies in the labor movement and elsewhere to preserve the Unemployment Insurance Program.

My remarks today focus on two areas: The record rates of long-term unemployment; and an answer to your question to the Commissioner about what we need to do, the need to extend unemployment benefits to stimulate the economy and provide income support to the nearly 3 million workers who will run out of regular state benefits this year.

Long-term unemployment has remained high throughout this recovery. For 31 consecutive months beginning in November 2002, more than 20 percent of jobless workers had been unemployed for at least 6 months.

Similar long-term unemployment rates prevailed for only 23 months during the 1990s recovery, and only 18 months in the 1980s.

The share in number of long-term unemployed workers are greater now than when the last two recessions began. The long-term unemployed are 17.5 percent of jobless workers today, compared with 11.1 percent in March 2001, and 9.8 percent in July 1990.

Last month nearly 1.3 million workers had been unemployed for at least 6 months, roughly double the 696,000 in 2001, and 688,000 in 1990.

Unemployment spells are longer now. The average length of unemployment was 16.8 weeks last month, but only 12.6 weeks in March 2001, and 11.9 weeks in July 1990.

Long-term unemployment has not fallen to pre-2001 recession rates as it has in previous recoveries, nor will it do so soon. Continuing benefit claims now exceed 2.8 million, the highest level since Hurricane Katrina. This means far more workers will be exhausting their benefits in coming months.

Persistently high long-term unemployment underscores the urgent need to extend jobless benefits to provide a quick jolt to the economy, and critical support for working families and communities suffering in the downturn.

Three million long-term unemployed workers will exhaust their regular State benefits this year, and these benefits average only $285 a week. Thirty-seven percent of these long-term unemployed

workers are older than 45, though workers in this age group are only 27 percent of the unemployed generally.

Similarly, African Americans are 21 percent of the unemployed generally, but 28 percent of the long-term unemployed. And while long-term unemployment spreads across industries, manufacturing workers are a slightly larger group of the long-term unemployed than of jobless workers generally.

Unemployment benefits are also recognized widely as one of the most effective means to stimulate the economy quickly and help avoid or ease recessions. Benefits flow immediately to workers who need them and who will spend them.

A major study of five previous recessions found that at their peak jobless benefits saved an average of 130,000 jobs on an annual basis, and every dollar spent boosts GDP by $2.15. This is because dollars are quickly pumped back into the economy and because maintaining jobless benefits boosts consumer confidence, which encourages consumption, the backbone of our economy.

Extending benefits now may also help mitigate the foreclosure crisis, a problem this Committee addressed only yesterday. Unemployment magnifies the risks that workers will lose or leave their homes while unemployment benefits provide a cushion to help workers and their families stay put and preserve communities.

A 2003 Peter Hart survey of unemployed workers found 1 in 4 had to move to other housing, or move in with family or friends in response to unemployment. However, a national study found that unemployment benefits actually reduced the likelihood workers will be forced to sell their homes by almost half. Thus, an extension may help mitigate the housing crisis.

Finally, Congress must enact a temporary extended benefits program because the current Federal program is so outdated in how it measures unemployment, not a single State qualifies for extended benefits now. Not even Michigan, which as Dr. Blank has noted, has had unemployment above 7 percent since August 2006.

Over the last 2 months the economy has lost 85,000 jobs. Nearly half a million people have dropped out of the labor force. And involuntary part-time employment has grown by over 200,000 workers.

The economy is failing long-term unemployed workers. As Dr. Blank has testified, Congress should enact an extension now and not wait until well into or after a recession when the unemployment rate increases substantially.

The long-term unemployed want to work, but the economy is not working for them. By extending benefits now, Congress can and should help these workers and the economy overall.

Mr. Chairman, I ask that our written testimony be entered into the record.

Representative Cummings. So ordered.

[The prepared statement of Dr. Owens appears in the Submissions for the Record on page 72.]

Representative Cummings. Thank you, very much.

Dr. Gallaway.

STATEMENT OF DR. LOWELL E. GALLAWAY, DISTINGUISHED PROFESSOR OF ECONOMICS, OHIO UNIVERSITY, ATHENS, OHIO

Dr. Gallaway. Thank you.

Representative Cummings. Would you get closer to the mike, Dr. Gallaway, so we can hear you?

Dr. Gallaway. Thank you.

Representative Cummings. I don't know whether someone can——

Dr. Gallaway. Is that better?

Representative Cummings. That is much better. Thank you.

Dr. Gallaway. I am a mumbler anyway, so thank you for reminding me.

I must say, it is a pleasure to be back at the Committee. I sat in employment hearings in the fall of 1982 as a staff member—in July 1992 as a staff member—and I am back as a witness. I am struck by one thing: The rhetoric of the Committee hearings is almost identical. In the immortal words of that great American philosopher, Lawrence P. Berra, sometimes called Yogi, "It's deja vu all over again."

Now to proceed with the testimony. As you can see from the cover sheet, Congressman, this testimony is the product of a joint effort between my colleague, Richard Vedder and myself.

I begin as follows:

Our message today is quite straightforward. Namely, that it would be very unwise to return to an activist short-run contracyclical macroeconomic policy. A more detailed argument for this position is provided in a set of extended remarks that we ask to have incorporated in the hearing record.

[See, "A Brief History of Unemployment in Post-World War II America," in the Submissions for the Record on page 85.]

For now we will provide a summary description of the behavior of the American unemployment rate beginning with 1948. For this purpose we call your attention to the graphic appended to this statement. It describes the 10-year average unemployment rate for six decades beginning with 1948–1957, and concluding with 1998–2007.

[See chart entitled, "National Unemployment Rate: Ten Year Average (1957–2007)," in the Submissions for the Record on page 84.]

In the initial decade, unemployment averaged 4.3 percent, while the most recent period shows an average unemployment rate of 4.9 percent. Thus, there is only a modest difference between the early and late years.

Far more interesting, though, is what happened in the intervening decades. Over the period 1958–1967, the average unemployment rate increased to 5.3 percent. In the years starting with 1968 and concluding with 1977, it increased to an average of 5.7 percent.

Next in the interval 1978 to 1987, it further increased to an average of 7.4 percent. These three decades span a period in which the basic philosophy of policymakers was an activist one. Perhaps the quintessential statement of the attitudes of the time was provided by John Kenneth Galbraith in 1982 testimony before this very Committee when he remarked as follows:

Persistent in the belief of the present administration is the notion that economic recovery and improving unemployment are an autonomous tendency of the system. There is no such autonomous tendency. Recovery is not the work of kindly gods with a special commitment to the free enterprise system. It is alas the affirmative accomplishment of man and woman.

In the years that followed, though, disenchantment with the activist approach became widespread, and in the years 1988 to 1997 the average unemployment rate fell to 6.0 percent, presaging a further decline to the most recent decade's 4.9 percent.

Obviously I think we are implying that the recent declines in the 10–year average of unemployment rates are a product of a turning away from an activist policy approach. Is this perhaps too simplistic? We think not. Our view is based on the extended remarks that we have asked to be included in the hearing record.

Specifically, we refer you to a technical appendix to those remarks which consists of extracts from an article published in a refereed academic journal.* This article concludes, among other things, that:

One, cycles in the unemployment rate are the result of shocks in the labor market that produce discoordination;

Two, these shocks are random in a statistical sense and therefore cannot be successfully forecast;

Three, about 40 percent of the effects of the random shocks are eliminated by an endogenous correction mechanism;

Four, assuming that economic policymakers recognize the shocks immediately and were able to exactly compensate for them, the result would be a less stable labor market and higher average unemployment rates; and

Five, therefore short-term macroeconomic contracyclical policy is counterproductive.

Now based on these premises, we find it disturbing that there is much talk of a return to a philosophy that deliberately accepts higher inflation in an attempt to stimulate the economy.

This is the language of the late 1950s and the 1960s, which ultimately led to 11 consecutive years of increase in the 10-year moving average of the unemployment rate. In the last 100 years, this is surpassed only by the 13-year runup of the average unemployment rate that embraces the Great Depression of the 1930s.

[See Chart A entitled, "National Unemployment Rate: Ten Year Moving Average (1957–2007) in the Submissions for the Record on page 88.]

Contrast that with what happened when we turned away from emphasizing short-run contracyclical policy in the early 1980s, in an act of hubris economists like to refer to fine-tuning the economy.

We have just now in 2007 concluded the 23rd consecutive year of decline in the 10-year moving average of the unemployment rate. That is almost twice the length of the second longest period of decline, 12 years, which accompanied the recovery from the Great Depression and World War II.

Representative Cummings. Mr. Gallaway, I am going to have to ask you to sum up. I have let you—I have let all the witnesses actually go about 2 minutes over——

Dr. Gallaway. I have five lines left, sir.

*See Appendix A in the Submissions for the Record on page 90.

Representative Cummings. Oh, wonderful.

Dr. Gallaway. I am just about there. I am almost home. To conclude our testimony, we offer two bits of advice to the formulators of national policy.

First, do not repeat the errors of the past.

Second, do not destroy the good that has emerged in the last quarter century in a futile pursuit of an unattainable perfection.

We thank you.

[The prepared statement of Dr. Gallaway and Dr. Richard K. Vedder appears in the Submissions for the Record on page 82.]

Representative Cummings. Thank you. And I want to thank all of you. I just have a few questions.

Commissioner Hall has testified that, while sustained job losses indicate a recession, the reality is that unemployment as a lagging economic indicator just means that if history is any guide, we should not see large increases in job losses or spiking unemployment until we are deeply into a recession.

I would like you to walk me through, then, how the evidence you have presented on the state of the labor market and the unemployment insurance system indicates that the American labor market is faring poorly, and what we can do about it.

Professor Blank, and Dr. Owens, you both testified that we should not be looking to just the unemployment rate to illuminate how difficult it is for people to find work. You both pointed to the share of the unemployed who are long-term unemployed as a different indicator to examine.

Based on the chart in Professor Blank's testimony, it appears that it is common for the economy to experience a high level of long-term unemployment at the end of the recession, but is there a recent precedent for a situation like we are seeing today with high levels of unemployment at the start of an economic slowdown?

[For chart referred to, see "Figure 3.—Long-term Unemployment as a Percentage of Total Unemployment, January 1979–January 2008" in the Submissions for the Record on page 69.]

Dr. Blank, and then Dr. Owens.

Dr. Blank. The current period is historically unprecedented. To have had as high a rate of long-term unemployment over this past year when the economy was slowing but clearly not in recession is simply not something that we have seen before. It is one of the reasons why I think I would be less cautious in my decisionmaking about things like extended benefit programs.

A substantial share, 1 in 5 of the current unemployed have already been unemployed more than 26 weeks, and many people who are collecting unemployment insurance therefore have already run out of their unemployment insurance.

That is just very, very high and it suggests that there are other things going on here. People are leaving the labor market at a slightly higher rate perhaps. You have more labor market problems than the unemployment rate alone would lead you to believe.

Representative Cummings. Dr. Owens.

Dr. Owens. Well, Mr. Cummings, the Commissioner himself said that this was an unusual situation to be entering a downturn with long-term unemployment being at such a high rate relative to overall unemployment.

And in fact by the time we entered the past two recessions, long-term unemployment had dipped to a share of about 10 percent of overall unemployment. Now it is up closer to 20 percent. I think it is about 18 percent. And that really has not changed.

One of the things I did not talk about, but I think today's job numbers force us to talk about, the fact is this economic recovery has been lousy. It took over 3 years for the economy to regain the number of jobs that we had had when we entered recession in March 2001, over 3 years. That was unprecedented.

Then we had a couple of years of relatively good job growth, but in 2006 we had fewer jobs on average each month than we had had in 2005; in 2007 we had fewer jobs on average than in 2006; and so far in 2008 we are losing jobs. So there is a reason that people are staying unemployed longer. There are no jobs for these workers. This is an unprecedented situation, and Congress simply cannot afford to wait this time until after the levies have broken to take care of the flood.

Representative Cummings. You know it was very interesting listening to the Commissioner when he talked about the fact that we have got these 70 million people who are—I don't know what words you want to use to describe them—but they are people he said that were out of the job market, they're students, you heard his testimony, and I am just trying to figure—I mean, did you agree with that? He acted like there were a lot of people who just are not really that interested in working.

Dr. Blank. He was talking about the people in the population who announce themselves as not looking for work. And a good number of them really aren't looking for work. As he said, they are students, they are retired, they are staying home with the kids, and that is where they want to be right now.

But what I find disturbing is the number of people who are what the Bureau of Labor Statistics called "marginally attached." They are not currently looking for work, but they have been recently looking for work and if you ask them do you want a job, they say, "Yes, I want a job, but there are so few jobs out there I have stopped looking." And that number is really quite high right now, as is the long-term unemployment number, and it does suggest that you cannot assume all 70 million are happy being out of the labor market. Clearly the lack of jobs is increasing the number of discouraged workers.

Representative Cummings. I think he also talked about—and this is something that I found very interesting. The Commissioner mentioned it, but I saw it in the—well, I see it in my own District where you have got people who, if they had some benefits they could hold onto their houses. But because they do not have the benefits and they cannot find a job, I mean they get hit probably two or three times.

The price of food, and gas, and whatever. They are losing their house. And they do not have benefits. That is a combination for homelessness. And I am just trying to figure. I mean does that present a special kind of situation? Do you follow me? I mean, you make the argument for the extension of unemployment benefits. You say let's do it now. Let's not wait till later. I guess the pattern has been to wait till later. And when later comes, a lot of damage

has been already done and I guess it becomes very difficult for that person who at first may have been able to, with a reasonable amount of money, get back to level footing, or sure footing, now it is almost like they are in quicksand. Is that a pretty good description?

Dr. Blank. I very much agree with you, Mr. Cummings. I think you are right about that. There was a study by Professor Jonathan Gruber at MIT, one of the very well known microeconomists working on these issues, done several years ago, so it is based on historical data, showing that persons who are not able to receive unemployment insurance when they became unemployed had their consumption fall by one-quarter.

Those who received unemployment insurance found their consumption fell by less than a third of that, by only 7 or 8 percent. Unemployment clearly causes pain to these households, but the absence of any safety net at all makes it much, much worse. And the foreclosure problems and the housing issues could cause, as you say, damages from which a family really cannot recovery from easily at all, even when they find the next job.

Representative Cummings. Do any of you think we are in a recession now?

Dr. Blank. I am not the official person who lists numbers, but I would be very surprised if in another several months we have not two quarters of negative economic growth, right?

Representative Cummings. Right.

Dr. Blank. I would be very surprised if we do not have negative economic growth the first quarter of this year. You know, my guess is it is highly likely that this will turn out to be a recession. I am an economist. I have to give you a probability.

Representative Cummings. I understand. I understand. You are not in the position that the Commissioner was in. He said he can't——

Dr. Owens. I'm a lawyer.

Representative Cummings. I'm sorry?

Dr. Owens. I said, I'm a lawyer. I will answer.

Representative Cummings. OK.

Dr. Owens. I think from the standpoint of workers, we are in a recession. Wages are down relative to inflation. More than 7 million people are officially unemployed, but that vastly undercounts the number of people who want to work, or who are underemployed.

And as we have talked about most of the morning, the incidence of long-term unemployment is unusually high and there is just no hope on the horizon for many of these workers because of the job market.

So from a worker's standpoint, the economy is in recession.

Representative Cummings. Dr. Gallaway, do you have a comment?

Dr. Gallaway. Well, I would be reluctant to forecast. It has taken me 50 years——

Representative Cummings. I can't hear you.

Dr. Gallaway. It has taken me 50 years as an economist to learn this. We cannot forecast worth a damn. And I am not about

to forecast whether we are going to have a recession. It could happen. It might not.

The signals at this point I would say are mixed. But I am not foolish enough to try to offer a specific forecast. You cannot do short-term economic forecasting.

Representative Cummings. I understand. You know, Professor Blank made a very interesting point that some parts of the country may already be in a recession. I understand that unemployment is quite high in Michigan and other States. Are we also seeing an increase in the long-term unemployed in these States?

Dr. Blank. Yes, I think Michigan has had a high long-term unemployment rate for a number of years. Michigan essentially never came out of the recession of the early 2000s.

Representative Cummings. And so I guess if you layer what is happening now on what you just said, you are going to have a lot of people in trouble.

Dr. Blank. Yes, you have a lot of people in trouble in Michigan. And they have been in trouble for some time period.

Representative Cummings. And it is going to get worse.

Dr. Blank. That is certainly the way things look right now.

Representative Cummings. So what, what—I mean, if you were brought into the White House and President Bush says, you know, Dr. Blank, I saw you the other day and I was very impressed with your testimony, tell me what we can do to turn this around, what would you say?

Dr. Blank. So I do agree with Commissioner Hall that we have done a number of things that we need to do. The Federal Reserve is clearly taking steps to try to adjust monetary policy in a way that will stimulate the economy, and I think the first stimulus package that was passed by the Congress is certainly very helpful.

I was surprised at the reluctance to not go a little bit further in some of that stimulus package. I would certainly have put unemployment benefits in it. I personally would probably have looked at trying to do something to increase food stamps, which gets assistance to some of the very poorest people in this economy and guarantees you it will all be spent, if you want to increase consumption.

So I certainly would want to look at another package. I would tell you that if you are going to do this, you need to do it very, very quickly. The longer you delay, the more likely, that you pass this after the fact, and that you don't get the immediate effects that you really want to get.

Representative Cummings. It seems that one of the arguments that was made against food stamps was that it was only, if I remember correctly, adding 10 cents a day. Did you hear that? I know that was one of the arguments that was made, that the proposal would have added 10 cents a day. So I think they were trying to figure out, OK, what do we do to have maximum impact. And that was the argument that I heard over and over. Had you heard that?

Dr. Blank. Yes. I mean, one could of course always do more and propose a slightly bigger package. As I said, the advantage of doing something that focuses on people who are the most disadvantaged is obvious. They are the people who are hurting the most. They are the people in many places being affected the most by the rising

prices. And they are people who you can promise will spend all of this money because they need it today to pay the rent and to pay for food.

Representative Cummings. With regard to this whole situation with housing and this double whammy where people are—there was probably about a triple, quadruple whammy—you have got people who are in houses where they now are facing balloon payments. The house is worth less than what they bought it for. They probably in many instances may have one wage earner as opposed to the two they used to have.

They have cut, and cut, and cut their budget as best they could. They have gotten rid of the SUV for a smaller used car, but still the gas prices are steadily going up and they have got to get to work.

It just seems that at some point, they've got to hit a brick wall. And I listened to what you said you'd say to the President, but what about the people that I just described?

Apparently, in places like Michigan and Ohio, there are quite a few of them.

And there's a reluctance, with regard to the suspension of foreclosure efforts, on the part of the Congress and a lot of other people, so what about them?

Dr. Blank. You know, particularly those who have been hit by the——

Representative Cummings. Or do we say—and I've got to throw this in—or do we say that there are always going to be some people that are going to be left behind, and the sad problem is that not—it's not going to be a few, but there are going to be a whole lot.

There are some people that make the argument, well, that's just the way the cookie crumbles, and sadly, there are going to be people that are going to do poorly.

So?

Dr. Blank. It is a choice as to how much you want to provide assistance to people in a very bad economic situation. And clearly, at times, we've chosen to provide more assistance, and at some times, we've chosen to provide less.

And when you provide less, you know, more people face many more difficult choices. And even if you don't worry about the parents in those situations, I think you've got to worry about the kids and what implications it has for them.

One of the worst things that can happen to children is multiple relocations during their childhood where they shift schools and go into different classrooms in the middle of the year. The sort of housing problems we're seeing are stimulating exactly that sort of churning of the residential labor market.

I'm entirely in sympathy with your views, sir, that we're in a very difficult situation, and we should be trying to do more to answer the questions that people like this should be asking us.

Representative Cummings. Now, Professor Owens, you noted that African American workers are much more likely to be long-term unemployed, compared to white workers. Can you expand on why you think this is the case, and what would you conclude that

extending unemployment benefits to the long-term unemployed, disproportionately helps African Americans?

Dr. Owens. Well, Mr. Cummings, African American workers are 21 percent of all unemployed workers, but they are 28 percent of the long-term unemployed workers, so they are over-represented in the long-term category, compared to unemployed workers overall.

I suspect that part of this, although we haven't done these cross tabs, but I suspect that part of this has to do with what's happened to manufacturing, because manufacturing was the source of good middle class jobs for many African American workers, and they have been very badly hurt by our loss of well over 3 million manufacturing jobs in the last 5 or 6 years.

They probably are also concentrated in some jobs that are just more vulnerable in terms of ease to replace workers with technology or the like, or, in many cases, may have somewhat, for whatever reasons, some more tenuous connection to the work force, to a particular employer, than some of their colleagues, less seniority or what have you.

But I would imagine that a big reason is what's happened to the manufacturing sector. Certainly, given their concentration within the ranks of the long-term unemployed, extending unemployment benefits is going to help African American families substantially.

Representative Cummings. Let's talk about women. I know that we've seen phenomenal changes in our labor market over the past generation, most importantly, the rise in women's labor force participation.

Do you think that this might be affecting the labor market indicators in some way? For example, to what extent do unemployed people who might have once dropped out of the labor force, say, because they had an unemployed spouse and their contribution was not as important to the family, now have to continue searching for work, for economic reasons.

Dr. Blank, and then Dr. Owens.

Dr. Blank. That isn't showing up very much in the numbers. As you say, the overall unemployment numbers actually are still relatively low.

I'm particularly concerned about the very low-skilled women who, at another point in time, would have been on welfare programs, who basically don't have that option and are out there working.

And if they lose their job, there isn't another. They're typically single mothers, and it's them and their children on their own.

So, you know, the concern is about what type of jobs are available and are they able to find the next job. Another issue with that population that's of particular concern is that many of them don't seem to have access to unemployment insurance when they lose jobs. They haven't worked long enough; they haven't earned enough money, so that extending benefits doesn't help them at all.

They are a group for whom a food stamp extension would help a great deal.

Representative Cummings. OK.

Ms. Owens.

Dr. Owens. Congressman Cummings, I think that while many women and maybe most women work because they want to, the

hard reality is that women are also working because they have to. For decades, the only way—since the late 1970s, I believe—that family incomes sort of were retained at the level they had been in the late 1970s, is because women, more and more, were working and they were working more hours.

In terms of the long-term unemployed, roughly 57 percent of them are men; the other 43 percent would be women, but as we are now beginning to see job loss more broadly, and particularly in the private services sector, I wouldn't be surprised to see the numbers of long-term unemployed women and the share, grow as well.

Representative Cummings. Finally, let me ask you this: Are there other indicators we should be looking to, in order to understand the slackness in the labor market?

In particular, I have noticed that during this economic recovery, the employment rate never returned to its pre-recession peak. If the employment rate had recovered to its pre-recession peak of 64.7 percent, there would be an additional 4.2 million people at work today.

But this is not the case. Can you tell me whether you follow the employment rate and what it means that it remains so low, relative to the business cycle of the 1990s?

Dr. Blank. I have not looked at that very closely. It is true that it is down somewhat, and it depends on what your base population comparison is.

A little of that is people staying in school longer; a little of that is people retiring earlier, and, you know, some of that's good; some of that's bad, right?

I can't answer much beyond that. You asked about other labor market indicators, and I would say that the other thing that I would watch very closely—and you asked Commissioner Hall about this a little bit—is, it's one thing when a few sectors are showing employment losses; it becomes much more troublesome when you see employment losses across a whole spectrum of industries.

Today's employment report is particular striking because there are virtually no sectors that are showing any sort of employment growth, and that's really suggesting, as you said, there is not any good news out there. It's affecting all workers across the entire spectrum, and that, again, is quite consistent with an idea that we really are in the very beginnings of a significant downturn.

Representative Cummings. Are there—Professor, is there a situation where, say, you look at the different types of employment and then you say, well, with construction, I kind of understand that; then you go to another one and you say, well, that's not so bad, but, I mean, it's still a problem.

But then you're getting to an area where it sort of creeps into, and then you start saying, wait a minute, this is—I think we're running into problems. And if that is the case, would the service sector be one of those where the yellow lights and red lights are going off?

Dr. Blank. Yes, absolutely. It's not.

Representative Cummings. And why is that, Professor?

Dr. Blank. It's because the service sector is not very cyclical. Manufacturing and construction are very cyclical; they move up and down rapidly. You know, it's not surprising to see that they

often turn earlier than other sectors when you go into a recession, and they turn earlier when you come out of it.

But the services tend to be less cyclical—you know, people always need their hair cut; there are certain things like that, you know—say, education is a very noncyclical industry.

If you start seeing job loss or jobs stalling, no employment growth in those areas, it's really a sign of, as you say, of just very broad-spread problems in the economy.

Representative Cummings. And so it's just not the fact that people are making less money; they are—well, they're making less money because they don't have jobs. But they're making hard choices.

Dr. Blank. Yes.

Representative Cummings. So, when you see the barber complaining that he's not making very much money, or the—I guess, would restaurants fall into that area?

Dr. Blank. Yes, retail trade.

Representative Cummings. And if they have to lay people off, you know you're really running into some problems.

Dr. Blank. Yes.

Representative Cummings. And I would imagine that, as in my district, I hear people say that they don't go to do those things as much anymore; one of the things they are afraid to even get into their cars, because they can't afford the gas, so they don't go to the shopping centers as much, and the next thing you know, you've got, I guess, whole groups of people who are harmed; is that it? Is that how it works?

Dr. Blank. I agree entirely.

Representative Cummings. Anything else?

[No response.]

Representative Cummings. I want to thank you all very much for being with us today. Thank you for waiting around; we really appreciate it.

This hearing is called to a close.

[Whereupon, at 11:21 a.m., the hearing was adjourned.]

Submissions for the Record

PREPARED STATEMENT OF REPRESENTATIVE ELIJAH E. CUMMINGS

Chairman Schumer and Vice Chairwoman Maloney are not able to attend today's hearing—but I am honored to lead the Committee's examination of our nation's employment situation.

The report we received this morning is frankly shocking. The report shows that our economy lost 63,000 jobs overall in February—but I note that private sector employment fell by 101,000.

At the same time, the unemployment rate fell by .1 percent to 4.8 percent. This fall in the unemployment rate—which is occurring at the same time as jobs are being lost—seems to be occurring because people believe that there are no job opportunities for them and they are simply dropping out of the labor force.

Last month, Dr. Hall told us that labor force numbers almost define the existence of a recession. I am eager to hear what Dr. Hall has to say about our economy given the terrible numbers we received this morning.

Frankly, I believe our economy stands poised on an uncertain cliff—threatening to throw our nation into a crisis. Sadly, however, many hardworking Americans across the country have already entered their own personal crises.

The traditional definition of a recession is two quarters of negative growth. Unfortunately, the difficulty in diagnosing a recession is that its existence can only be confirmed in hindsight when the data are seen to show that a slowdown has been definite and prolonged.

As a result, once we know we are in a recession, it's too late to prevent one.

However, we do not need to recite the litany of familiar data to confirm that our economy is struggling. One need only look to the millions of families who are struggling—obviously struggling to find jobs, struggling to keep their homes, and struggling to pay for gas and home heating costs.

Foreclosure filings have increased by 75 percent between 2006 and 2007.

According to the Mortgage Banker's Association, a higher percentage of mortgages are past due or in foreclosure than at any other time since the Association started tracking such data in 1979. And many experts fear that the peak in foreclosures has not yet been reached.

At the same time, nearly 8.8 million homeowners now owe more on their homes than the homes are worth. Another 41 million homes not facing foreclosure are estimated to be likely to experience declines in value.

Obviously, employment is falling—but for a prolonged period, wages have failed to keep pace with inflation.

Wage growth also continues to slow, breaking the historic relationship between increased production and real wage growth.

According to a report by the Joint Economic Committee, since late 2001, productivity has shown an average annual increase of 2.5 percent, but wages have experienced an average annual increase of just 1.2 percent after inflation.

This is particularly disturbing in light of skyrocketing prices for everything from food to gasoline and heating oil. In January, we saw the consumer price index rise by .4 percent. Oil prices climbed near $106 per barrel yesterday.

Families are also facing heating costs of more than $2,000 per household this winter—over three times the cost in 2001.

Unfortunately, while we debate the specific status of our economy, the data I just recited don't paint the real picture of people whose dreams too long deferred are now in danger of being completely destroyed.

Every day in my district in Baltimore, I see the desperate look of those who are watching the homes and the lives in which they invested their money and every ounce of their energy in danger of slipping from their grasps.

Our nation needs to do whatever is necessary to create an economy that works for our citizens.

Congress recently passed a stimulus package to try to help stave off the recession that may be coming. Although the package will offer some relief to millions of hard-working families, the stimulus package was missing critical provisions addressing unemployment benefits and food stamps.

Further, the package included nothing to support expanded investments in our nation—particularly in areas like infrastructure development, where investments create roads and public transit systems at the same time they create jobs.

Our nation's top priority must be meeting the needs of our citizens—and investing in our success—and the recent stimulus package, much like the recent rate cuts by the Fed, is only a temporary patch.

We cannot continue to keep patching a lagging economy without also addressing the root causes of our problems—particularly the mortgage crisis.

The American people deserve better—and we can DO better.

JOINT ECONOMIC COMMITTEE

SENATOR CHARLES E. SCHUMER, CHAIRMAN

REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

PREPARED STATEMENT OF SENATOR CHARLES E. SCHUMER, CHAIRMAN

SCHUMER ON JOBS REPORT: "HOW MANY WAKE UP CALLS DOES THIS ADMINISTRATION NEED?"

In response to the Labor Department's jobs report today, Sen. Charles E. Schumer, Chairman of the Joint Economic Committee, released the following statement:

"How many wake-up calls does this administration need—foreclosures yesterday, jobs today? The president's 'hear no evil, see no evil' policies on our economy simply do not work."

"The bottom line is that this administration is the owner of the worst jobs record since Herbert Hoover, and the last 2 months of losing nearly 90,000 jobs secures that unfortunate place in history. The significant jobs losses in the manufacturing and construction sectors have continued since the housing market has been in trouble and doesn't seem to be getting better. But the job losses in the retail sector are particularly troubling because it indicates that consumer spending, which has driven this economy, has also declined measurably."

"It is only a matter of time before consecutive months of job losses, falling home prices, rising energy prices, and cutbacks in consumer spending lead us to a full-blown recession. It is crystal clear to everyone but the Bush Administration that we are inevitably heading toward a recession and today's dismal jobs report is just another warning sign that Washington needs to do much more to help our economy than it's done so far."

[*The Joint Economic Committee, established under the Employment Act of 1946, was created by Congress to review economic conditions and to analyze the effectiveness of economic policy.*]

www.jec.senate.gov

JOINT ECONOMIC COMMITTEE
SENATOR CHARLES E. SCHUMER, CHAIRMAN
REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

PREPARED STATEMENT OF REPRESENTATIVE CAROLYN B. MALONEY, VICE CHAIR

Good morning. I would like to thank Commissioner Hall for testifying today on the February employment situation. I am pleased that we have a second panel to examine the outlook for the labor market and discuss the plight of the long-term unemployed.

We continue to seen mounting evidence that a significant downturn in the economy may be underway. A consensus is growing among economists that it may be too late to avoid the second economic downturn of President Bush's administration. The Federal Reserve's latest Summary of Economic Projections forecasts slower economic growth, higher unemployment, and rising inflation over the coming year.

We've already seen signs of weak growth and higher inflation, and now job growth has stalled. The unemployment rate held steady at 4.8 percent, but 63,000 jobs were lost last month.

This downturn poses a significant threat to the economic stability of American families, many of whom never fully recovered from the 2001 recession. Real family income is actually 2 percent lower now than it was in 2000 and in recent months, wages have begun to fall. High energy prices, falling home prices, and falling wages are squeezing American families. With job prospects dimming, many families will be forced to cut back on spending, further exacerbating the economic decline.

A weakening labor market has made it more difficult for people to get back on their feet after losing a job. 1.3 million unemployed workers have been pounding the pavement, looking work for at least 6 months with no success. This is a foreboding statistic. Less than half as many people were among the long-term unemployed at the onset of the last two recessions.

Evidence of hidden unemployment is reflected in the continued depressed levels of the labor force participation rate and falling fraction of the population with a job. In short, jobs have become harder to find.

A stimulus package is an important first step, but there is more to do to blunt the effects of this downturn and to get the economy back on track. Providing an extension of unemployment benefits is critically needed. At least 1.3 million workers will likely exhaust their unemployment benefits in the first half of this year. In the last five economic recessions, Congress extended Unemployment Insurance to the long-term unemployed but has yet to do so during the current economic contraction.

I look forward to the continued focus on labor market conditions by this committee.

PREPARED STATEMENT OF DR. KEITH HALL, COMMISSIONER, BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR, WASHINGTON, DC

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 gar-

den 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.

News United States Department of Labor

Bureau of Labor Statistics **Washington, D.C. 20212**

Technical information:
Household data: (202) 691-6378
http://www.bls.gov/cps/

Establishment data: (202) 691-6555
http://www.bls.gov/ces/
Media contact: (202) 691-5902

USDL 08-0294

Transmission of material in this release is embargoed until 8:30 A.M. (EST), Friday, March 7, 2008.

THE EMPLOYMENT SITUATION: FEBRUARY 2008

Nonfarm payroll employment edged down in February (-63,000), and the unemployment rate was essentially unchanged at 4.8 percent, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Employment fell in manufacturing, construction, and retail trade. Job growth continued in health care and in food services. Average hourly earnings rose by 5 cents, or 0.3 percent, over the month.

Chart 1. Unemployment rate, seasonally adjusted, March 2005 – February 2008

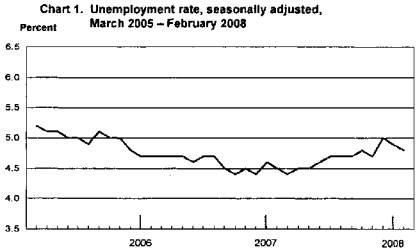
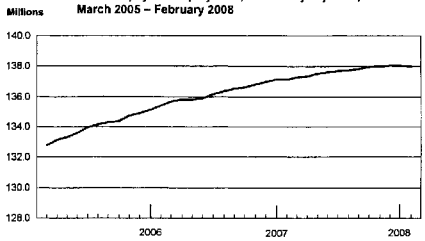


Chart 2. Nonfarm payroll employment, seasonally adjusted, March 2005 – February 2008



Unemployment (Household Survey Data)

The number of unemployed persons (7.4 million) and the unemployment rate (4.8 percent) were essentially unchanged in February. Over the month, the unemployment rates for adult men (4.3 percent), adult women (4.2 percent), teenagers (16.6 percent), whites (4.3 percent), and Hispanics (6.2 percent) showed little or no change. The jobless rate for blacks fell to 8.3 percent, in line with the average rate for 2007. The unemployment rate for Asians was 3.0 percent, not seasonally adjusted. (See tables A-1, A-2, and A-3.)

Total Employment and the Labor Force (Household Survey Data)

Both the civilian labor force, at 153.4 million, and the labor force participation rate, at 65.9 percent, declined in February. Total employment (146.0 million) and the employment-population ratio (62.7 percent) were little changed over the month. (See table A-1.)

The number of persons who worked part time for economic reasons, at 4.9 million in February, was little changed over the month but was up by 637,000 over the past 12 months. This category includes persons

Table A. Major indicators of labor market activity, seasonally adjusted
(Numbers in thousands)

Category	Quarterly averages		Monthly data			Jan.-Feb. change
	III 2007	IV 2007	Dec. 2007	Jan. 2008	Feb. 2008	
HOUSEHOLD DATA	Labor force status					
Civilian labor force	153,191	153,667	153,866	153,824	153,374	-450
Employment	146,019	146,291	146,211	146,248	145,993	-255
Unemployment	7,172	7,375	7,655	7,576	7,381	-195
Not in labor force	79,019	79,270	79,290	78,792	79,436	644
	Unemployment rates					
All workers	4.7	4.8	5.0	4.9	4.8	-0.1
Adult men	4.2	4.3	4.4	4.4	4.3	-.1
Adult women	4.1	4.2	4.4	4.2	4.2	.0
Teenagers	15.8	16.4	17.1	18.0	16.6	-1.4
White	4.2	4.3	4.4	4.4	4.3	-.1
Black or African American	8.0	8.6	9.0	9.2	8.3	-.9
Hispanic or Latino ethnicity	5.7	5.9	6.3	6.3	6.2	-.1
ESTABLISHMENT DATA	Employment					
Nonfarm employment	137,758	138,031	138,078	p 138,056	p 137,993	p -63
Goods-producing [1]	22,185	22,042	21,976	p 21,922	p 21,833	p -89
Construction	7,609	7,521	7,465	p 7,440	p 7,401	p -39
Manufacturing	13,850	13,788	13,772	p 13,741	p 13,689	p -52
Service-providing [1]	115,573	115,989	116,102	p 116,134	p 116,160	p 26
Retail trade [2]	15,493	15,490	15,488	p 15,488	p 15,454	p -34
Professional and business service	17,979	18,093	18,131	p 18,122	p 18,102	p -20
Education and health services	18,411	18,527	18,568	p 18,617	p 18,647	p 30
Leisure and hospitality	13,507	13,622	13,635	p 13,646	p 13,667	p 21
Government	22,203	22,291	22,333	p 22,337	p 22,375	p 38
	Hours of work [3]					
Total private	33.8	33.8	33.8	p 33.7	p 33.7	p 0.0
Manufacturing	41.4	41.2	41.1	p 41.1	p 41.1	p .0
Overtime	4.2	4.1	4.0	p 4.0	p 4.0	p .0
	Indexes of aggregate weekly hours (2002=100) [3]					
Total private	107.5	107.7	107.8	p 107.4	p 107.3	p -0.1
	Earnings [3]					
Average hourly earnings, total private	$17.52	$17.64	$17.70	p $17.75	p $17.80	p $0.05
Average weekly earnings, total private	592.07	596.34	598.26	p 598.18	p 599.86	p 1.68

[1] Includes other industries, not shown separately.
[2] Quarterly averages and the over-the-month change are calculated using unrounded data.
[3] Data relate to private production and nonsupervisory workers.
p = preliminary.

who indicated that they would like to work full time but were working part time because their hours had been cut back or they were unable to find full-time jobs. (See table A-5.)

Persons Not in the Labor Force (Household Survey Data)

About 1.6 million persons (not seasonally adjusted) were marginally attached to the labor force in February. These individuals wanted and were available for work and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey. Among the marginally attached, there were 396,000 discouraged workers in February, about the same as a year earlier. Discouraged workers were not currently looking for work specifically because they believed no jobs were available for them. The other 1.2 million persons marginally attached to the labor force in February had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities. (See table A-13.)

Industry Payroll Employment (Establishment Survey Data)

Total nonfarm payroll employment edged down (-63,000) in February, with private-sector employment declining by 101,000. Nonfarm payroll employment was little changed in December (41,000) and January (-22,000). Over the month, job losses occurred in manufacturing, construction, and retail trade. Health care and food services continued to add jobs. (See table B-1.)

Manufacturing employment continued to decline in February (-52,000), bringing losses over the past 12 months to 299,000. Most of the February decline was concentrated in durable goods manufacturing, as motor vehicles and parts (-13,000), furniture and related products (-6,000), and wood products (-5,000) lost jobs. Within nondurable goods, employment fell in printing and related support activities (-5,000).

Employment in construction decreased by 39,000 in February, and has fallen by 331,000 since its most recent peak in September 2006. During this period, residential specialty trades lost 209,000 jobs, while residential building lost 137,000 jobs.

In February, employment in retail trade declined by 34,000. Job losses occurred in department stores (-11,000), building material and garden supply stores (-7,000), and automobile dealers (-6,000). Wholesale trade employment edged down in February, with the durable goods component declining by 9,000.

Professional and business services employment was little changed for the second month in a row; job gains had averaged 26,000 per month in 2007. In February, temporary help services lost 28,000 jobs; employment in the industry has declined by 117,000 since the most recent peak in December 2006.

In financial activities, credit intermediation employment continued to decline and has fallen by 116,000 since a peak in October 2006. In February, real estate employment also continued to trend down; since June 2006, the industry has lost 34,000 jobs.

Health care employment continued to grow in February (36,000). Within health care, over-the-month job gains occurred in hospitals (17,000) and in ambulatory health care services (15,000), which includes offices of physicians. Over the past 12 months, health care has added 360,000 jobs.

Food services employment continued to trend upward in February. From November through February, food services added an average of 12,000 jobs per month, compared with an average gain of 28,000 jobs for the 12-month period ending in October.

Weekly Hours (Establishment Survey Data)

In February, the average workweek for production and nonsupervisory workers on private nonfarm payrolls held at 33.7 hours, seasonally adjusted. Both the manufacturing workweek, at 41.1 hours, and factory overtime, at 4.0 hours, were unchanged over the month. (See table B-2.)

The index of aggregate weekly hours of production and nonsupervisory workers on nonfarm payrolls declined by 0.1 percent in February to 107.3 (2002=100). The manufacturing index fell by 0.5 percent to 93.1. (See table B-5.)

Hourly and Weekly Earnings (Establishment Survey Data)

In February, average hourly earnings of production and nonsupervisory workers on private nonfarm payrolls rose by 5 cents, or 0.3 percent, to $17.80, seasonally adjusted. This followed gains of 6 cents in December and 5 cents in January. Average weekly earnings rose by 0.3 percent in February to $599.86. Over the past 12 months, both average hourly earnings and weekly earnings rose by 3.7 percent. (See table B-3.)

The Employment Situation for March 2008 is scheduled to be released on Friday, April 4, at 8:30 A.M. (EDT).

Frequently Asked Questions about Employment and Unemployment Estimates

Why are there two monthly measures of employment?

The household survey and establishment survey both produce sample-based estimates of employment and both have strengths and limitations. The establishment survey employment series has a smaller margin of error on the measurement of month-to-month change than the household survey because of its much larger sample size. An over-the-month employment change of 104,000 is statistically significant in the establishment survey, while the threshold for a statistically significant change in the household survey is about 400,000. However, the household survey has a more expansive scope than the establishment survey because it includes the self-employed, unpaid family workers, agricultural workers, and private household workers, who are excluded by the establishment survey. The household survey also provides estimates of employment for demographic groups.

Are undocumented immigrants counted in the surveys?

Neither the establishment nor household survey is designed to identify the legal status of workers. Thus, while it is likely that both surveys include at least some undocumented immigrants, it is not possible to determine how many are counted in either survey. The household survey does include questions about whether respondents were born outside the United States. Data from these questions show that foreign-born workers accounted for about 15 percent of the labor force in 2006 and about 47 percent of the net increase in the labor force from 2000 to 2006.

Why does the establishment survey have revisions?

The establishment survey revises published estimates to improve its data series by incorporating additional information that was not available at the time of the initial publication of the estimates. The establishment survey revises its initial monthly estimates twice, in the immediately succeeding 2 months, to incorporate additional sample receipts from respondents in the survey. For more information on the monthly revisions, please visit http://www.bls.gov/ces/cesrevinfo.htm.

On an annual basis, the establishment survey incorporates a benchmark revision that re-anchors estimates to nearly complete employment counts available from unemployment insurance tax records. The benchmark helps to control for sampling and modeling errors in the estimates. For more information on the annual benchmark revision, please visit http://www.bls.gov/web/cesbmart.htm.

Has the establishment survey understated employment growth because it excludes the self-employed?

While the establishment survey excludes the self-employed, the household survey provides monthly estimates of unincorporated self-employment. These estimates have shown no substantial growth in recent years.

Does the establishment survey sample include small firms?

Yes; about 40 percent of the establishment survey sample is comprised of business establishments with fewer than 20 employees. The establishment survey sample is designed to maximize the reliability of the total nonfarm employment estimate; firms from all size classes and industries are appropriately sampled to achieve that goal.

Does the establishment survey account for employment from new businesses?

Yes; monthly establishment survey estimates include an adjustment to account for the net employment change generated by business births and deaths. The adjustment comes from an econometric model that forecasts the monthly net jobs impact of business births and deaths based on the actual past values of the net impact that can be observed with a lag from the Quarterly Census of Employment and Wages. The establishment survey uses modeling rather than sampling for this purpose because the survey is not immediately able to bring new businesses into the sample. There is an unavoidable lag between the birth of a new firm and its appearance on the sampling frame and availability for selection. BLS adds new businesses to the survey twice a year.

Is the count of unemployed persons limited to just those people receiving unemployment insurance benefits?

No; the estimate of unemployment is based on a monthly sample survey of households. All persons who are without jobs and are actively seeking and available to work are included among the unemployed. (People on temporary layoff are included even if they do not actively seek work.) There is no requirement or question relating to unemployment insurance benefits in the monthly survey.

Does the official unemployment rate exclude people who have stopped looking for work?

Yes; however, there are separate estimates of persons outside the labor force who want a job, including those who have stopped looking because they believe no jobs are available (discouraged workers). In addition, alternative measures of labor underutilization (discouraged workers and other groups not officially counted as unemployed) are published each month in the Employment Situation news release.

Technical Note

This news release presents statistics from two major surveys, the Current Population Survey (household survey) and the Current Employment Statistics survey (establishment survey). The household survey provides the information on the labor force, employment, and unemployment that appears in the A tables, marked HOUSEHOLD DATA. It is a sample survey of about 60,000 households conducted by the U.S. Census Bureau for the Bureau of Labor Statistics (BLS).

The establishment survey provides the information on the employment, hours, and earnings of workers on nonfarm payrolls that appears in the B tables, marked ESTABLISHMENT DATA. This information is collected from payroll records by BLS in cooperation with state agencies. The sample includes about 160,000 businesses and government agencies covering approximately 400,000 individual worksites. The active sample includes about one-third of all nonfarm payroll workers. The sample is drawn from a sampling frame of unemployment insurance tax accounts.

For both surveys, the data for a given month relate to a particular week or pay period. In the household survey, the reference week is generally the calendar week that contains the 12th day of the month. In the establishment survey, the reference period is the pay period including the 12th, which may or may not correspond directly to the calendar week.

Coverage, definitions, and differences between surveys

Household survey. The sample is selected to reflect the entire civilian noninstitutional population. Based on responses to a series of questions on work and job search activities, each person 16 years and over in a sample household is classified as employed, unemployed, or not in the labor force.

People are classified as *employed* if they did any work at all as paid employees during the reference week; worked in their own business, profession, or on their own farm; or worked without pay at least 15 hours in a family business or farm. People are also counted as employed if they were temporarily absent from their jobs because of illness, bad weather, vacation, labor-management disputes, or personal reasons.

People are classified as *unemployed* if they meet all of the following criteria: They had no employment during the reference week; they were available for work at that time; and they made specific efforts to find employment sometime during the 4-week period ending with the reference week. Persons laid off from a job and expecting recall need not be looking for work to be counted as unemployed. The unemployment data derived from the household survey in no way depend upon the eligibility for or receipt of unemployment insurance benefits.

The *civilian labor force* is the sum of employed and unemployed persons. Those not classified as employed or unemployed are *not in the labor force*. The *unemployment rate* is the number unemployed as a percent of the labor force. The *labor force participation rate* is the labor force as a percent of the population, and the *employment-population ratio* is the employed as a percent of the population.

Establishment survey. The sample establishments are drawn from private nonfarm businesses such as factories, offices, and stores, as well as federal, state, and local government entities. *Employees on nonfarm payrolls* are those who received pay for any part of the reference pay period, including persons on paid leave. Persons are counted in each job they hold. *Hours and earnings* data are for private businesses and relate only to production workers in the goods-producing sector and nonsupervisory workers in the service-providing sector. Industries are classified on the basis of their principal activity in accordance with the 2007 version of the North American Industry Classification System.

Differences in employment estimates. The numerous conceptual and methodological differences between the household and establishment surveys result in important distinctions in the employment estimates derived from the surveys. Among these are:

- The household survey includes agricultural workers, the self-employed, unpaid family workers, and private household workers among the employed. These groups are excluded from the establishment survey.
- The household survey includes people on unpaid leave among the employed. The establishment survey does not.
- The household survey is limited to workers 16 years of age and older. The establishment survey is not limited by age.
- The household survey has no duplication of individuals, because individuals are counted only once, even if they hold more than one job. In the establishment survey, employees working at more than one job and thus appearing on more than one payroll would be counted separately for each appearance.

Seasonal adjustment

Over the course of a year, the size of the nation's labor force and the levels of employment and unemployment undergo sharp fluctuations due to such seasonal events as changes in weather, reduced or expanded production, harvests, major holidays, and the opening and closing of schools. The effect of such seasonal variation can be very large; seasonal fluctuations may account for as much as 95 percent of the month-to-month changes in unemployment.

Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make nonseasonal developments, such as declines in economic activity or increases in the participation of women in the labor force, easier to spot. For example, the large number of youth entering the labor force each June is likely to obscure any other changes that have taken place relative to May, making it difficult to determine if the level of economic activity has risen or declined. However, because the effect of students finishing school in previous years is known, the statistics for the current year can be adjusted to allow for a comparable change. Insofar as the seasonal adjustment is made correctly, the adjusted figure provides a more useful tool with which to analyze changes in economic activity.

Most seasonally adjusted series are independently adjusted in both the household and establishment surveys. However, the ad-

justed series for many major estimates, such as total payroll employment, employment in most supersectors, total employment, and unemployment are computed by aggregating independently adjusted component series. For example, total unemployment is derived by summing the adjusted series for four major age-sex components; this differs from the unemployment estimate that would be obtained by directly adjusting the total or by combining the duration, reasons, or more detailed age categories.

For both the household and establishment surveys, a concurrent seasonal adjustment methodology is used in which new seasonal factors are calculated each month, using all relevant data, up to and including the data for the current month. In the household survey, new seasonal factors are used to adjust only the current month's data. In the establishment survey, however, new seasonal factors are used each month to adjust the three most recent monthly estimates. In both surveys, revisions to historical data are made once a year.

Reliability of the estimates

Statistics based on the household and establishment surveys are subject to both sampling and nonsampling error. When a sample rather than the entire population is surveyed, there is a chance that the sample estimates may differ from the "true" population values they represent. The exact difference, or *sampling error*, varies depending on the particular sample selected, and this variability is measured by the standard error of the estimate. There is about a 90-percent chance, or level of confidence, that an estimate based on a sample will differ by no more than 1.6 standard errors from the "true" population value because of sampling error. BLS analyses are generally conducted at the 90-percent level of confidence.

For example, the confidence interval for the monthly change in total employment from the household survey is on the order of plus or minus 430,000. Suppose the estimate of total employment increases by 100,000 from one month to the next. The 90-percent confidence interval on the monthly change would range from -330,000 to 530,000 (100,000 +/- 430,000). These figures do not mean that the sample results are off by these magnitudes, but rather that there is about a 90-percent chance that the "true" over-the-month change lies within this interval. Since this range includes values of less than zero, we could not say with confidence that employment had, in fact, increased. If, however, the reported employment rise was half a million, then all of the values within the 90-percent confidence interval would be greater than zero. In this case, it is likely (at least a 90-percent chance) that an employment rise had, in fact, occurred. At an unemployment rate of around 5.5 percent, the 90-percent confidence interval for the monthly change in unemployment is about +/- 280,000, and for the monthly change in the unemployment rate it is about +/- .19 percentage point.

In general, estimates involving many individuals or establishments have lower standard errors (relative to the size of the estimate) than estimates which are based on a small number of observations. The precision of estimates is also improved when the data are cumulated over time such as for quarterly and annual averages. The seasonal adjustment process can also improve the stability of the monthly estimates.

The household and establishment surveys are also affected by *nonsampling error*. Nonsampling errors can occur for many reasons, including the failure to sample a segment of the population, inability to obtain information for all respondents in the sample, inability or unwillingness of respondents to provide correct information on a timely basis, mistakes made by respondents, and errors made in the collection or processing of the data.

For example, in the establishment survey, estimates for the most recent 2 months are based on incomplete returns; for this reason, these estimates are labeled preliminary in the tables. It is only after two successive revisions to a monthly estimate, when nearly all sample reports have been received, that the estimate is considered final.

Another major source of nonsampling error in the establishment survey is the inability to capture, on a timely basis, employment generated by new firms. To correct for this systematic underestimation of employment growth, an estimation procedure with two components is used to account for business births. The first component uses business deaths to impute employment for business births. This is incorporated into the sample-based link relative estimate procedure by simply not reflecting sample units going out of business, but imputing to them the same trend as the other firms in the sample. The second component is an ARIMA time series model designed to estimate the residual net birth/death employment not accounted for by the imputation. The historical time series used to create and test the ARIMA model was derived from the unemployment insurance universe micro-level database, and reflects the actual residual net of births and deaths over the past five years.

The sample-based estimates from the establishment survey are adjusted once a year (on a lagged basis) to universe counts of payroll employment obtained from administrative records of the unemployment insurance program. The difference between the March sample-based employment estimates and the March universe counts is known as a benchmark revision, and serves as a rough proxy for total survey error. The new benchmarks also incorporate changes in the classification of industries. Over the past decade, the benchmark revision for total nonfarm employment has averaged 0.2 percent, ranging from less than 0.1 percent to 0.6 percent.

Other information

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: (202) 691-5200; TDD message referral phone: 1-800-877-8339.

Table A-1. Employment status of the civilian population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted [1]					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
TOTAL									
Civilian noninstitutional population	230,834	232,616	232,809	230,834	232,715	232,939	233,156	232,616	232,809
Civilian labor force	151,879	152,828	152,503	152,725	153,306	153,828	153,866	153,824	153,374
Participation rate	65.8	65.7	65.5	66.2	65.9	66.0	66.0	66.1	65.9
Employed	144,479	144,607	144,550	145,888	146,016	146,647	146,211	146,248	145,993
Employment-population ratio	62.6	62.2	62.1	63.2	62.7	63.0	62.7	62.9	62.7
Unemployed	7,400	8,221	7,953	6,837	7,291	7,181	7,655	7,576	7,381
Unemployment rate	4.9	5.4	5.2	4.5	4.8	4.7	5.0	4.9	4.8
Not in labor force	78,955	79,788	80,306	78,110	79,409	79,111	79,290	78,792	79,436
Persons who currently want a job	4,635	4,977	4,689	4,740	4,266	4,655	4,697	4,857	4,772
Men, 16 years and over									
Civilian noninstitutional population	111,627	112,493	112,596	111,627	112,619	112,737	112,852	112,493	112,596
Civilian labor force	81,344	81,656	81,515	81,999	82,210	82,515	82,448	82,355	82,132
Participation rate	72.9	72.6	72.4	73.5	73.0	73.2	73.1	73.2	72.9
Employed	76,923	76,860	76,853	78,184	78,177	78,604	78,260	78,157	78,113
Employment-population ratio	68.9	68.3	68.3	70.0	69.4	69.7	69.3	69.5	69.4
Unemployed	4,421	4,796	4,661	3,815	4,032	3,910	4,188	4,197	4,019
Unemployment rate	5.4	5.9	5.7	4.7	4.9	4.7	5.1	5.1	4.9
Not in labor force	30,283	30,837	31,081	29,628	30,409	30,223	30,404	30,139	30,464
Men, 20 years and over									
Civilian noninstitutional population	103,046	103,866	103,961	103,046	103,973	104,087	104,197	103,866	103,961
Civilian labor force	77,986	78,463	78,378	78,358	78,664	79,075	79,004	78,864	78,748
Participation rate	75.7	75.5	75.4	76.0	75.7	76.0	75.8	75.9	75.7
Employed	74,184	74,387	74,365	75,148	75,274	75,834	75,499	75,427	75,362
Employment-population ratio	72.0	71.6	71.5	72.9	72.4	72.9	72.5	72.6	72.5
Unemployed	3,802	4,075	4,013	3,210	3,389	3,240	3,505	3,437	3,386
Unemployment rate	4.9	5.2	5.1	4.1	4.3	4.1	4.4	4.4	4.3
Not in labor force	25,060	25,403	25,583	24,688	25,309	25,012	25,193	25,002	25,213
Women, 16 years and over									
Civilian noninstitutional population	119,207	120,123	120,213	119,207	120,096	120,202	120,304	120,123	120,213
Civilian labor force	70,535	71,172	70,988	70,725	71,096	71,313	71,418	71,469	71,241
Participation rate	59.2	59.2	59.1	59.3	59.2	59.3	59.4	59.5	59.3
Employed	67,556	67,747	67,696	67,704	67,838	68,043	67,951	68,091	67,880
Employment-population ratio	56.7	56.4	56.3	56.8	56.5	56.6	56.5	56.7	56.5
Unemployed	2,979	3,425	3,292	3,021	3,258	3,271	3,467	3,378	3,361
Unemployment rate	4.2	4.8	4.6	4.3	4.6	4.6	4.9	4.7	4.7
Not in labor force	48,672	48,951	49,225	48,482	49,000	48,889	48,886	48,654	48,972
Women, 20 years and over									
Civilian noninstitutional population	110,880	111,739	111,822	110,880	111,703	111,805	111,903	111,739	111,822
Civilian labor force	67,270	67,913	67,793	67,247	67,623	67,776	67,866	67,982	67,816
Participation rate	60.7	60.8	60.6	60.6	60.5	60.6	60.6	60.8	60.6
Employed	64,703	64,943	64,943	64,686	64,827	64,980	64,912	65,098	64,950
Employment-population ratio	58.4	58.1	58.1	58.3	58.0	58.1	58.0	58.3	58.1
Unemployed	2,567	2,970	2,851	2,561	2,796	2,796	2,954	2,885	2,865
Unemployment rate	3.8	4.4	4.2	3.8	4.1	4.1	4.4	4.2	4.2
Not in labor force	43,610	43,826	44,028	43,633	44,080	44,029	44,037	43,758	44,006
Both sexes, 16 to 19 years									
Civilian noninstitutional population	16,908	17,012	17,027	16,908	17,040	17,048	17,056	17,012	17,027
Civilian labor force	6,623	6,452	6,331	7,120	7,020	6,977	6,996	6,978	6,810
Participation rate	39.2	37.9	37.2	42.1	41.2	40.9	41.0	41.0	40.0
Employed	5,592	5,277	5,242	6,055	5,914	5,832	5,801	5,724	5,681
Employment-population ratio	33.1	31.0	30.8	35.8	34.7	34.2	34.0	33.6	33.4
Unemployed	1,031	1,175	1,089	1,066	1,105	1,145	1,196	1,254	1,130
Unemployment rate	15.6	18.2	17.2	15.0	15.7	16.4	17.1	18.0	16.6
Not in labor force	10,286	10,560	10,696	9,788	10,020	10,071	10,059	10,034	10,216

[1] The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.
NOTE: Updated population controls are introduced annually with the release of January data.

Table A-2. Employment status of the civilian population by race, sex, and age

(Numbers in thousands)

Employment status, race, sex, and age	Not seasonally adjusted			Seasonally adjusted [1]					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
WHITE									
Civilian noninstitutional population	187,582	188,787	188,906	187,582	188,813	188,956	189,093	188,787	188,906
Civilian labor force	124,092	124,577	124,361	124,836	125,151	125,430	125,460	125,340	124,940
Participation rate	66.2	66.0	65.8	66.4	66.3	66.4	66.3	66.4	66.1
Employed	118,573	118,505	118,395	119,651	119,883	120,194	119,889	119,858	119,534
Employment-population ratio	63.2	62.8	62.7	63.8	63.5	63.6	63.4	63.5	63.3
Unemployed	5,519	6,072	5,966	4,986	5,268	5,235	5,571	5,482	5,406
Unemployment rate	4.4	4.9	4.8	4.0	4.2	4.2	4.4	4.4	4.3
Not in labor force	63,490	64,210	64,545	62,945	63,662	63,526	63,633	63,447	63,966
Men, 20 years and over									
Civilian labor force	64,844	65,098	65,023	65,089	65,255	65,521	65,506	65,470	65,270
Participation rate	76.2	76.0	75.9	76.5	76.1	76.4	76.3	76.4	76.1
Employed	61,934	62,020	61,947	62,692	62,762	63,111	62,929	62,924	62,745
Employment-population ratio	72.8	72.4	72.3	73.7	73.2	73.6	73.3	73.5	73.2
Unemployed	2,910	3,078	3,075	2,397	2,493	2,409	2,577	2,546	2,524
Unemployment rate	4.5	4.7	4.7	3.7	3.8	3.7	3.9	3.9	3.9
Women, 20 years and over									
Civilian labor force	53,779	54,211	54,149	53,658	54,102	54,206	54,286	54,192	54,078
Participation rate	60.1	60.2	60.1	59.9	60.1	60.2	60.2	60.2	60.0
Employed	51,939	52,081	52,055	51,841	52,136	52,220	52,107	52,143	52,004
Employment-population ratio	58.0	57.8	57.8	57.9	57.9	58.0	57.8	57.9	57.7
Unemployed	1,840	2,130	2,094	1,817	1,966	1,986	2,179	2,049	2,075
Unemployment rate	3.4	3.9	3.9	3.4	3.6	3.7	4.0	3.8	3.8
Both sexes, 16 to 19 years									
Civilian labor force	5,469	5,268	5,189	5,890	5,795	5,703	5,668	5,678	5,592
Participation rate	42.1	40.4	39.7	45.3	44.3	43.6	43.3	43.5	42.8
Employed	4,700	4,403	4,393	5,118	4,985	4,863	4,853	4,791	4,785
Employment-population ratio	36.1	33.7	33.6	39.4	38.1	37.2	37.1	36.7	36.6
Unemployed	769	864	796	772	810	840	815	887	807
Unemployment rate	14.1	16.4	15.3	13.1	14.0	14.7	14.4	15.6	14.4
BLACK OR AFRICAN AMERICAN									
Civilian noninstitutional population	27,310	27,640	27,675	27,310	27,627	27,666	27,704	27,640	27,675
Civilian labor force	17,300	17,501	17,412	17,535	17,430	17,453	17,538	17,713	17,632
Participation rate	63.3	63.3	62.9	64.2	63.1	63.1	63.3	64.1	63.7
Employed	15,888	15,856	15,947	16,141	15,946	15,980	15,961	16,090	16,169
Employment-population ratio	58.2	57.4	57.6	59.1	57.7	57.8	57.6	58.2	58.4
Unemployed	1,412	1,645	1,465	1,394	1,483	1,473	1,577	1,623	1,463
Unemployment rate	8.2	9.4	8.4	8.0	8.5	8.4	9.0	9.2	8.3
Not in labor force	10,010	10,139	10,263	9,775	10,197	10,212	10,165	9,927	10,043
Men, 20 years and over									
Civilian labor force	7,752	7,850	7,854	7,851	7,833	7,889	7,883	7,916	7,947
Participation rate	70.6	70.7	70.6	71.5	70.4	70.8	70.7	71.3	71.5
Employed	7,110	7,129	7,178	7,262	7,194	7,268	7,218	7,259	7,320
Employment-population ratio	64.8	64.2	64.6	66.1	64.7	65.3	64.7	65.4	65.8
Unemployed	643	721	676	589	640	621	665	656	627
Unemployment rate	8.3	9.2	8.6	7.5	8.2	7.9	8.4	8.3	7.9
Women, 20 years and over									
Civilian labor force	8,780	8,882	8,805	8,844	8,823	8,777	8,803	8,921	8,866
Participation rate	64.0	64.0	63.4	64.5	63.7	63.3	63.4	64.3	63.8
Employed	8,220	8,220	8,238	8,279	8,195	8,169	8,187	8,266	8,289
Employment-population ratio	60.0	59.2	59.3	60.4	59.2	58.8	59.0	59.6	59.6
Unemployed	560	662	566	565	628	618	617	654	577
Unemployment rate	6.4	7.4	6.4	6.4	7.1	7.0	7.0	7.3	6.5
Both sexes, 16 to 19 years									
Civilian labor force	768	769	753	840	773	787	851	876	819
Participation rate	29.3	29.0	28.3	32.1	29.1	29.6	32.0	33.0	30.8
Employed	558	507	531	599	558	553	556	564	560
Employment-population ratio	21.3	19.1	19.9	22.9	21.0	20.8	20.9	21.2	21.0
Unemployed	209	262	222	241	215	234	295	313	259
Unemployment rate	27.2	34.0	29.5	28.7	27.9	29.7	34.7	35.7	31.7

See footnotes at end of table.

Table A-2. Employment status of the civilian population by race, sex, and age — Continued

(Numbers in thousands)

Employment status, race, sex, and age	Not seasonally adjusted			Seasonally adjusted [1]					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
ASIAN									
Civilian noninstitutional population	10,566	10,660	10,712	(2)	(2)	(2)	(2)	(2)	(2)
Civilian labor force	6,951	7,167	7,159	(2)	(2)	(2)	(2)	(2)	(2)
Participation rate	65.8	67.2	66.8	(2)	(2)	(2)	(2)	(2)	(2)
Employed	6,760	6,935	6,942	(2)	(2)	(2)	(2)	(2)	(2)
Employment-population ratio	64.0	65.1	64.8	(2)	(2)	(2)	(2)	(2)	(2)
Unemployed	190	231	217	(2)	(2)	(2)	(2)	(2)	(2)
Unemployment rate	2.7	3.2	3.0	(2)	(2)	(2)	(2)	(2)	(2)
Not in labor force	3,616	3,493	3,553	(2)	(2)	(2)	(2)	(2)	(2)

[1] The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.
[2] Data not available.

NOTE: Estimates for the above race groups will not sum to totals shown in table A-1 because data are not presented for all races. Updated population controls are introduced annually with the release of January data.

Table A-3. Employment status of the Hispanic or Latino population by sex and age

(Numbers in thousands)

Employment status, sex, and age	Not seasonally adjusted			Seasonally adjusted [1]					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
HISPANIC OR LATINO ETHNICITY									
Civilian noninstitutional population	30,965	31,643	31,732	30,965	31,714	31,809	31,903	31,643	31,732
Civilian labor force	21,167	21,561	21,628	21,301	21,778	21,872	21,888	21,698	21,755
Participation rate	68.4	68.1	68.2	68.8	68.7	68.8	68.6	68.6	68.6
Employed	19,946	20,011	20,146	20,183	20,554	20,623	20,517	20,320	20,401
Employment-population ratio	64.4	63.2	63.5	65.2	64.8	64.8	64.3	64.2	64.3
Unemployed	1,221	1,550	1,482	1,118	1,224	1,249	1,371	1,378	1,354
Unemployment rate	5.8	7.2	6.9	5.2	5.6	5.7	6.3	6.3	6.2
Not in labor force	9,798	10,083	10,105	9,664	9,936	9,938	10,016	9,946	9,977
Men, 20 years and over									
Civilian labor force	12,183	12,376	12,428	(2)	(2)	(2)	(2)	(2)	(2)
Participation rate	84.3	84.0	84.1	(2)	(2)	(2)	(2)	(2)	(2)
Employed	11,526	11,606	11,625	(2)	(2)	(2)	(2)	(2)	(2)
Employment-population ratio	79.8	78.7	78.7	(2)	(2)	(2)	(2)	(2)	(2)
Unemployed	657	770	804	(2)	(2)	(2)	(2)	(2)	(2)
Unemployment rate	5.4	6.2	6.5	(2)	(2)	(2)	(2)	(2)	(2)
Women, 20 years and over									
Civilian labor force	7,967	8,107	8,093	(2)	(2)	(2)	(2)	(2)	(2)
Participation rate	58.5	58.2	58.0	(2)	(2)	(2)	(2)	(2)	(2)
Employed	7,582	7,531	7,620	(2)	(2)	(2)	(2)	(2)	(2)
Employment-population ratio	55.7	54.1	54.6	(2)	(2)	(2)	(2)	(2)	(2)
Unemployed	385	575	472	(2)	(2)	(2)	(2)	(2)	(2)
Unemployment rate	4.8	7.1	5.8	(2)	(2)	(2)	(2)	(2)	(2)
Both sexes, 16 to 19 years									
Civilian labor force	1,016	1,078	1,107	(2)	(2)	(2)	(2)	(2)	(2)
Participation rate	35.1	36.1	37.0	(2)	(2)	(2)	(2)	(2)	(2)
Employed	837	874	901	(2)	(2)	(2)	(2)	(2)	(2)
Employment-population ratio	28.9	29.3	30.1	(2)	(2)	(2)	(2)	(2)	(2)
Unemployed	179	205	205	(2)	(2)	(2)	(2)	(2)	(2)
Unemployment rate	17.6	19.0	18.6	(2)	(2)	(2)	(2)	(2)	(2)

[1] The population figures are not adjusted for seasonal variation; therefore, identical numbers appear in the unadjusted and seasonally adjusted columns.
[2] Data not available.

NOTE: Persons whose ethnicity is identified as Hispanic or Latino may be of any race. Updated population controls are introduced annually with the release of January data.

Table A-4. Employment status of the civilian population 25 years and over by educational attainment

(Numbers in thousands)

Educational attainment	Not seasonally adjusted			Seasonally adjusted					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
Less than a high school diploma									
Civilian labor force	12,868	12,340	11,898	13,102	12,133	12,228	12,291	12,305	12,127
Participation rate	46.8	46.2	45.5	47.7	47.3	46.8	46.5	46.0	46.4
Employed	11,778	11,228	10,878	12,163	11,238	11,296	11,358	11,362	11,236
Employment-population ratio	42.9	42.0	41.6	44.3	43.8	43.3	42.9	42.5	43.0
Unemployed	1,090	1,112	1,020	939	895	932	933	943	891
Unemployment rate	8.5	9.0	8.6	7.2	7.4	7.6	7.6	7.7	7.3
High school graduates, no college [1]									
Civilian labor force	38,717	38,390	38,002	38,568	38,625	38,710	38,841	38,364	38,078
Participation rate	62.8	62.9	62.5	62.5	62.8	62.6	62.9	62.9	62.6
Employed	36,813	36,324	35,954	36,914	36,838	36,980	37,034	36,587	36,303
Employment-population ratio	59.7	59.5	59.1	59.9	59.9	59.8	60.0	59.9	59.7
Unemployed	1,904	2,066	2,048	1,654	1,787	1,730	1,807	1,778	1,775
Unemployment rate	4.9	5.4	5.4	4.3	4.6	4.5	4.7	4.6	4.7
Some college or associate degree									
Civilian labor force	34,924	36,108	36,237	34,690	36,218	36,353	36,279	36,492	36,437
Participation rate	71.7	71.7	71.6	71.2	71.2	71.9	72.0	72.5	72.0
Employed	33,579	34,679	34,766	33,444	34,939	35,156	34,924	35,187	35,086
Employment-population ratio	68.9	68.9	68.7	68.6	68.7	69.6	69.3	69.9	69.4
Unemployed	1,345	1,428	1,471	1,247	1,279	1,197	1,355	1,305	1,351
Unemployment rate	3.9	4.0	4.1	3.6	3.5	3.3	3.7	3.6	3.7
Bachelor's degree and higher [2]									
Civilian labor force	43,724	44,633	45,339	43,757	44,200	44,263	44,448	44,604	45,226
Participation rate	78.6	78.1	78.3	78.6	77.2	77.7	77.9	78.0	78.1
Employed	42,894	43,651	44,405	42,918	43,261	43,296	43,476	43,651	44,283
Employment-population ratio	77.1	76.4	76.7	77.1	75.6	76.0	76.2	76.4	76.5
Unemployed	831	982	934	839	939	968	972	953	944
Unemployment rate	1.9	2.2	2.1	1.9	2.1	2.2	2.2	2.1	2.1

[1] Includes persons with a high school diploma or equivalent.
[2] Includes persons with bachelor's, master's, professional, and doctoral degrees.
NOTE: Updated population controls are introduced annually with the release of January data. See box note in the BLS news release USDL 07-0486, "The Employment Situation: March 2007," issued on April 6, 2007, for a discussion of technical issues regarding educational attainment data.

Table A-5. Employed persons by class of worker and part-time status

(In thousands)

Category	Not seasonally adjusted			Seasonally adjusted					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
CLASS OF WORKER									
Agriculture and related industries	2,074	2,032	1,999	2,327	2,089	2,148	2,248	2,213	2,213
Wage and salary workers	1,237	1,128	1,173	1,419	1,195	1,237	1,368	1,259	1,324
Self-employed workers	823	886	808	889	878	895	874	936	873
Unpaid family workers	15	18	18	([1])	([1])	([1])	([1])	([1])	([1])
Nonagricultural industries	142,405	142,575	142,551	143,535	143,933	144,503	143,933	144,052	143,820
Wage and salary workers	132,821	133,509	133,159	133,804	134,533	135,109	134,605	134,755	134,259
Government	20,869	20,905	21,209	20,904	20,907	20,943	20,780	20,907	21,252
Private industries	111,951	112,604	111,950	112,887	113,641	114,179	113,872	113,846	112,972
Private households	856	787	763	([1])	([1])	([1])	([1])	([1])	([1])
Other industries	111,095	111,817	111,187	112,037	112,850	113,377	113,035	113,042	112,212
Self-employed workers	9,468	8,990	9,292	9,639	9,274	9,276	9,242	9,161	9,410
Unpaid family workers	117	76	100	([1])	([1])	([1])	([1])	([1])	([1])
PERSONS AT WORK PART TIME [2]									
All industries:									
Part time for economic reasons	4,417	5,340	5,114	4,247	4,401	4,513	4,665	4,769	4,884
Slack work or business conditions	2,913	3,857	3,534	2,737	2,788	3,008	3,174	3,247	3,291
Could only find part-time work	1,240	1,088	1,260	1,209	1,215	1,223	1,236	1,163	1,222
Part time for noneconomic reasons	20,549	19,804	19,847	19,927	19,337	19,539	19,526	19,613	19,348
Nonagricultural industries:									
Part time for economic reasons	4,282	5,235	5,007	4,130	4,302	4,453	4,577	4,677	4,790
Slack work or business conditions	2,831	3,789	3,459	2,666	2,745	2,961	3,120	3,174	3,231
Could only find part-time work	1,223	1,084	1,255	1,194	1,207	1,205	1,219	1,149	1,216
Part time for noneconomic reasons	20,236	19,490	19,524	19,552	19,157	19,224	19,225	19,296	19,019

[1] Data not available.

[2] Persons at work excludes employed persons who were absent from their jobs during the entire reference week for reasons such as vacation, illness, or industrial dispute. Part time for noneconomic reasons excludes persons who usually work full time but worked only 1 to 34 hours during the reference week for reasons such as holidays, illness, and bad weather.

NOTE: Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

Table A-6. Selected employment indicators

(In thousands)

Characteristic	Not seasonally adjusted			Seasonally adjusted					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
AGE AND SEX									
Total, 16 years and over	144,479	144,607	144,550	145,888	146,016	146,647	146,211	146,248	145,993
16 to 19 years	5,592	5,277	5,242	6,055	5,914	5,832	5,801	5,724	5,681
16 to 17 years	2,066	1,908	1,884	2,287	2,324	2,192	2,183	2,121	2,109
18 to 19 years	3,526	3,369	3,358	3,755	3,600	3,625	3,626	3,603	3,579
20 years and over	138,887	139,330	139,308	139,833	140,101	140,814	140,410	140,524	140,312
20 to 24 years	13,823	13,448	13,304	14,132	13,821	13,965	13,702	13,794	13,632
25 years and over	125,064	125,882	126,003	125,636	126,293	126,779	126,675	126,640	126,644
25 to 54 years	99,849	99,592	99,503	100,324	100,332	100,605	100,496	100,174	100,057
25 to 34 years	31,135	31,221	31,307	31,420	31,612	31,638	31,633	31,530	31,599
35 to 44 years	34,473	33,748	33,741	34,585	34,116	34,173	34,086	33,931	33,863
45 to 54 years	34,241	34,623	34,456	34,319	34,605	34,794	34,777	34,713	34,595
55 years and over	25,215	26,291	26,500	25,312	25,960	26,174	26,179	26,466	26,587
Men, 16 years and over	76,923	76,860	76,853	78,184	78,177	78,604	78,260	78,157	78,113
16 to 19 years	2,739	2,473	2,488	3,036	2,903	2,770	2,761	2,731	2,751
16 to 17 years	973	819	827	1,128	1,118	959	986	950	966
18 to 19 years	1,766	1,654	1,662	1,906	1,788	1,791	1,766	1,780	1,782
20 years and over	74,184	74,387	74,365	75,148	75,274	75,834	75,499	75,427	75,362
20 to 24 years	7,219	7,049	6,996	7,433	7,306	7,466	7,244	7,312	7,219
25 years and over	66,965	67,338	67,369	67,707	67,985	68,328	68,264	68,060	68,129
25 to 54 years	53,730	53,459	53,417	54,302	54,258	54,422	54,383	54,041	54,016
25 to 34 years	17,071	17,086	17,042	17,363	17,442	17,466	17,451	17,348	17,346
35 to 44 years	18,668	18,162	18,255	18,821	18,536	18,569	18,507	18,335	18,400
45 to 54 years	17,991	18,211	18,120	18,117	18,280	18,397	18,425	18,357	18,270
55 years and over	13,236	13,879	13,952	13,405	13,727	13,906	13,882	14,020	14,113
Women, 16 years and over	67,556	67,747	67,696	67,704	67,838	68,043	67,951	68,091	67,880
16 to 19 years	2,853	2,804	2,754	3,018	3,011	3,063	3,040	2,993	2,929
16 to 17 years	1,093	1,089	1,058	1,158	1,206	1,233	1,197	1,171	1,143
18 to 19 years	1,761	1,714	1,696	1,850	1,813	1,834	1,860	1,823	1,797
20 years and over	64,703	64,943	64,943	64,686	64,827	64,980	64,912	65,098	64,950
20 to 24 years	6,604	6,398	6,308	6,700	6,515	6,500	6,458	6,482	6,414
25 years and over	58,099	58,544	58,634	57,929	58,307	58,451	58,411	58,580	58,515
25 to 54 years	46,119	46,132	46,086	46,023	46,074	46,183	46,113	46,133	46,041
25 to 34 years	14,063	14,135	14,265	14,057	14,169	14,172	14,182	14,182	14,254
35 to 44 years	15,805	15,586	15,486	15,763	15,581	15,615	15,579	15,596	15,463
45 to 54 years	16,250	16,412	16,336	16,202	16,324	16,396	16,352	16,355	16,325
55 years and over	11,980	12,412	12,548	11,907	12,233	12,268	12,297	12,447	12,474
MARITAL STATUS									
Married men, spouse present	46,085	45,831	45,949	46,273	46,189	46,339	46,213	46,063	46,136
Married women, spouse present	35,863	35,662	35,727	35,788	35,449	35,689	35,565	35,536	35,648
Women who maintain families	9,338	9,032	9,051	([1])	([1])	([1])	([1])	([1])	([1])
FULL- OR PART-TIME STATUS									
Full-time workers [2]	119,041	119,332	119,452	120,830	121,561	122,020	121,428	121,202	121,275
Part-time workers [3]	25,439	25,275	25,098	24,994	24,472	24,631	24,740	25,043	24,697
MULTIPLE JOBHOLDERS									
Total multiple jobholders	7,753	7,398	7,610	7,733	7,579	7,640	7,416	7,557	7,582
Percent of total employed	5.4	5.1	5.3	5.3	5.2	5.2	5.1	5.2	5.2

[1] Data not available.
[2] Employed full-time workers are persons who usually work 35 hours or more per week.
[3] Employed part-time workers are persons who usually work less than 35 hours per week.

NOTE: Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

Table A-7. Selected unemployment indicators, seasonally adjusted

Characteristic	Number of unemployed persons (in thousands)			Unemployment rates [1]					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
AGE AND SEX									
Total, 16 years and over	6,837	7,576	7,381	4.5	4.8	4.7	5.0	4.9	4.8
16 to 19 years	1,066	1,254	1,130	15.0	15.7	16.4	17.1	18.0	16.6
16 to 17 years	450	543	471	16.4	17.5	19.0	19.6	20.4	18.3
18 to 19 years	605	682	656	13.9	14.3	14.4	15.4	15.9	15.5
20 years and over	5,771	6,322	6,251	4.0	4.2	4.1	4.4	4.3	4.3
20 to 24 years	1,131	1,321	1,325	7.4	8.6	8.0	9.4	8.7	8.9
25 years and over	4,659	4,995	4,948	3.6	3.7	3.7	3.9	3.8	3.8
25 to 54 years	3,864	4,105	4,058	3.7	3.8	3.8	4.1	3.9	3.9
25 to 34 years	1,567	1,640	1,584	4.8	4.8	4.7	4.9	4.9	4.8
35 to 44 years	1,165	1,252	1,260	3.3	3.5	3.5	3.8	3.6	3.6
45 to 54 years	1,132	1,213	1,214	3.2	3.4	3.3	3.6	3.4	3.4
55 years and over	800	872	888	3.1	3.1	3.0	3.2	3.2	3.2
Men, 16 years and over	3,815	4,197	4,019	4.7	4.9	4.7	5.1	5.1	4.9
16 to 19 years	605	760	633	16.6	18.1	19.5	19.8	21.8	18.7
16 to 17 years	266	299	250	19.1	19.0	21.4	22.1	24.0	20.5
18 to 19 years	339	431	392	15.1	16.8	17.8	18.4	19.5	18.0
20 years and over	3,210	3,437	3,386	4.1	4.3	4.1	4.4	4.4	4.3
20 to 24 years	666	756	791	8.2	9.3	8.6	9.8	9.4	9.9
25 years and over	2,576	2,701	2,632	3.7	3.7	3.6	3.8	3.8	3.7
25 to 54 years	2,140	2,236	2,163	3.8	3.8	3.7	4.0	4.0	3.8
25 to 34 years	892	926	878	4.9	4.9	4.8	5.1	5.1	4.8
35 to 44 years	642	675	639	3.3	3.4	3.2	3.6	3.6	3.4
45 to 54 years	606	634	646	3.2	3.2	3.1	3.4	3.3	3.4
55 years and over	436	465	469	3.2	3.1	3.1	3.2	3.2	3.2
Women, 16 years and over	3,021	3,378	3,361	4.3	4.6	4.6	4.9	4.7	4.7
16 to 19 years	461	494	496	13.2	13.3	13.4	14.4	14.2	14.5
16 to 17 years	183	244	222	13.6	16.1	17.1	17.3	17.2	16.2
18 to 19 years	266	250	264	12.6	11.6	10.7	12.3	12.1	12.8
20 years and over	2,561	2,885	2,865	3.8	4.1	4.1	4.4	4.2	4.2
20 to 24 years	465	565	535	6.5	7.7	7.4	8.8	8.0	7.7
25 years and over	2,083	2,293	2,317	3.5	3.7	3.8	3.9	3.8	3.8
25 to 54 years	1,724	1,869	1,895	3.6	3.9	4.0	4.1	3.9	4.0
25 to 34 years	675	714	706	4.6	4.6	4.6	4.7	4.8	4.7
35 to 44 years	523	577	621	3.2	3.6	3.9	4.0	3.6	3.9
45 to 54 years	526	579	568	3.1	3.6	3.6	3.8	3.4	3.4
55 years and over [2]	372	432	432	3.0	3.0	2.8	2.9	3.4	3.3
MARITAL STATUS									
Married men, spouse present	1,258	1,278	1,271	2.6	2.6	2.6	2.7	2.7	2.7
Married women, spouse present	994	1,124	1,132	2.7	2.9	3.0	3.1	3.1	3.1
Women who maintain families [2]	652	681	655	6.5	6.3	6.6	6.9	7.0	6.7
FULL- OR PART-TIME STATUS									
Full-time workers [3]	5,559	6,100	6,092	4.4	4.7	4.6	4.9	4.8	4.8
Part-time workers [4]	1,276	1,423	1,288	4.9	5.0	5.0	5.6	5.4	5.0

[1] Unemployment as a percent of the civilian labor force.
[2] Not seasonally adjusted.
[3] Full-time workers are unemployed persons who have expressed a desire to work full time (35 hours or more per week) or are on layoff from full-time jobs.
[4] Part-time workers are unemployed persons who have expressed a desire to work part time (less than 35 hours per week) or are on layoff from part-time jobs.

NOTE: Detail for the seasonally adjusted data shown in this table will not necessarily add to totals because of the independent seasonal adjustment of the various series. Updated population controls are introduced annually with the release of January data.

Table A-8. Unemployed persons by reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted			Seasonally adjusted					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
NUMBER OF UNEMPLOYED									
Job losers and persons who completed temporary jobs	3,942	4,608	4,471	3,449	3,731	3,609	3,857	3,796	3,854
On temporary layoff	1,421	1,614	1,351	1,016	1,064	979	975	1,040	971
Not on temporary layoff	2,521	2,994	3,120	2,433	2,668	2,630	2,882	2,756	2,883
Permanent job losers	1,739	2,110	2,204	([1])	([1])	([1])	([1])	([1])	([1])
Persons who completed temporary jobs	782	884	916	([1])	([1])	([1])	([1])	([1])	([1])
Job leavers	845	838	802	810	790	783	798	830	769
Reentrants	2,119	2,195	2,139	2,029	2,103	2,160	2,343	2,201	2,112
New entrants	494	580	542	580	709	669	697	667	648
PERCENT DISTRIBUTION									
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers and persons who completed temporary jobs	53.3	56.1	56.2	50.2	50.9	50.0	50.1	50.7	52.2
On temporary layoff	19.2	19.6	17.0	14.8	14.5	13.6	12.7	13.9	13.2
Not on temporary layoff	34.1	36.4	39.2	35.4	36.4	36.4	37.5	36.8	39.0
Job leavers	11.4	10.2	10.1	11.8	10.8	10.8	10.4	11.1	10.4
Reentrants	28.6	26.7	26.9	29.5	28.7	29.9	30.4	29.4	28.6
New entrants	6.7	7.1	6.8	8.4	9.7	9.3	9.1	8.9	8.8
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE									
Job losers and persons who completed temporary jobs	2.6	3.0	2.9	2.3	2.4	2.3	2.5	2.5	2.5
Job leavers	.6	.5	.5	.5	.5	.5	.5	.5	.5
Reentrants	1.4	1.4	1.4	1.3	1.4	1.4	1.5	1.4	1.4
New entrants	.3	.4	.4	.4	.5	.4	.5	.4	.4

[1] Data not available.

NOTE: Updated population controls are introduced annually with the release of January data.

Table A-9. Unemployed persons by duration of unemployment

(Numbers in thousands)

Duration	Not seasonally adjusted			Seasonally adjusted					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
NUMBER OF UNEMPLOYED									
Less than 5 weeks	2,465	2,957	2,530	2,567	2,508	2,633	2,793	2,634	2,639
5 to 14 weeks	2,587	2,681	2,854	2,181	2,454	2,157	2,330	2,396	2,396
15 weeks and over	2,347	2,583	2,570	2,151	2,367	2,398	2,520	2,503	2,377
15 to 26 weeks	1,068	1,172	1,212	935	1,052	1,014	1,182	1,124	1,079
27 weeks and over	1,279	1,411	1,358	1,216	1,315	1,384	1,338	1,380	1,299
Average (mean) duration, in weeks	16.7	16.6	16.8	16.6	17.0	17.2	16.6	17.5	16.8
Median duration, in weeks	8.8	8.5	8.9	8.2	8.7	8.7	8.4	8.8	8.4
PERCENT DISTRIBUTION									
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	33.3	36.0	31.8	37.2	34.2	36.6	36.5	35.0	35.6
5 to 14 weeks	35.0	32.6	35.9	31.6	33.5	30.0	30.5	31.8	32.3
15 weeks and over	31.7	31.4	32.3	31.2	32.3	33.4	33.0	33.2	32.1
15 to 26 weeks	14.4	14.3	15.2	13.5	14.4	14.1	15.5	14.9	14.6
27 weeks and over	17.3	17.2	17.1	17.6	17.9	19.3	17.5	18.3	17.5

NOTE: Updated population controls are introduced annually with the release of January data.

Table A-10. Employed and unemployed persons by occupation, not seasonally adjusted

(Numbers in thousands)

Occupation	Employed		Unemployed		Unemployment rates	
	Feb. 2007	Feb. 2008	Feb. 2007	Feb. 2008	Feb. 2007	Feb. 2008
Total, 16 years and over [1]	144,479	144,550	7,400	7,953	4.9	5.2
Management, professional, and related occupations	51,864	52,498	981	1,159	1.9	2.2
Management, business, and financial operations occupations	21,586	21,732	472	503	2.1	2.3
Professional and related occupations	30,278	30,766	509	656	1.7	2.1
Service occupations	23,239	23,493	1,526	1,694	6.2	6.7
Sales and office occupations	36,177	35,849	1,691	1,790	4.5	4.8
Sales and related occupations	16,768	16,439	830	896	4.7	5.2
Office and administrative support occupations	19,408	19,410	861	894	4.2	4.4
Natural resources, construction, and maintenance occupations	15,542	14,653	1,466	1,473	8.6	9.1
Farming, fishing, and forestry occupations	930	931	139	128	13.0	12.1
Construction and extraction occupations	9,486	8,674	1,103	1,150	10.4	11.7
Installation, maintenance, and repair occupations	5,126	5,049	223	196	4.2	3.7
Production, transportation, and material moving occupations	17,658	18,057	1,228	1,280	6.5	6.6
Production occupations	9,027	9,209	604	595	6.3	6.1
Transportation and material moving occupations	8,631	8,848	624	685	6.7	7.2

[1] Persons with no previous work experience and persons whose last job was in the Armed Forces are included in the unemployed total.
NOTE: Updated population controls are introduced annually with the release of January data.

Table A-11. Unemployed persons by industry and class of worker, not seasonally adjusted

Industry and class of worker	Number of unemployed persons (in thousands)		Unemployment rates	
	Feb. 2007	Feb. 2008	Feb. 2007	Feb. 2008
Total, 16 years and over [1]	7,400	7,953	4.9	5.2
Nonagricultural private wage and salary workers	6,074	6,564	5.1	5.5
Mining	33	16	4.5	2.2
Construction	1,086	1,118	10.5	11.4
Manufacturing	774	820	4.7	5.0
Durable goods	491	481	4.6	4.6
Nondurable goods	283	339	4.8	5.7
Wholesale and retail trade	1,045	1,007	5.1	4.9
Transportation and utilities	251	289	4.2	4.6
Information	139	193	4.0	5.8
Financial activities	295	323	3.1	3.4
Professional and business services	825	866	6.0	6.2
Education and health services	489	562	2.5	2.9
Leisure and hospitality	879	1,056	7.4	8.5
Other services	257	313	4.3	5.1
Agriculture and related private wage and salary workers	127	135	9.6	10.9
Government workers	405	372	1.9	1.7
Self employed and unpaid family workers	300	340	2.8	3.2

[1] Persons with no previous work experience are included in the unemployed total.
NOTE: Updated population controls are introduced annually with the release of January data.

Table A-12. Alternative measures of labor underutilization

(Percent)

Measure	Not seasonally adjusted			Seasonally adjusted					
	Feb. 2007	Jan. 2008	Feb. 2008	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008	Feb. 2008
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.5	1.7	1.7	1.4	1.5	1.6	1.6	1.6	1.6
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.6	3.0	2.9	2.3	2.4	2.3	2.5	2.5	2.5
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	4.9	5.4	5.2	4.5	4.8	4.7	5.0	4.9	4.8
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	5.1	5.7	5.5	4.7	5.0	4.9	5.2	5.2	5.1
U-5 Total unemployed, plus discouraged workers, plus all other marginally attached workers, as a percent of the civilian labor force plus all marginally attached workers	5.8	6.4	6.2	5.4	5.6	5.5	5.8	6.0	5.8
U-6 Total unemployed, plus all marginally attached workers, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all marginally attached workers	8.7	9.9	9.5	8.1	8.4	8.4	8.8	9.0	8.9

NOTE: Marginally attached workers are persons who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the recent past. Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not looking currently for a job. Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule. For more information, see "BLS introduces new range of alternative unemployment measures," in the October 1995 issue of the Monthly Labor Review. Updated population controls are introduced annually with the release of January data.

Table A-13. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted

(Numbers in thousands)

Category	Total		Men		Women	
	Feb. 2007	Feb. 2008	Feb. 2007	Feb. 2008	Feb. 2007	Feb. 2008
NOT IN THE LABOR FORCE						
Total not in the labor force	78,955	80,306	30,283	31,081	48,672	49,225
Persons who currently want a job	4,635	4,669	2,202	2,073	2,433	2,616
Searched for work and available to work now [1]	1,451	1,585	792	775	659	810
Reason not currently looking:						
Discouragement over job prospects [2]	375	396	223	248	152	148
Reasons other than discouragement [3]	1,076	1,189	569	527	508	662
MULTIPLE JOBHOLDERS						
Total multiple jobholders [4]	7,753	7,610	3,885	3,682	3,868	3,928
Percent of total employed	5.4	5.3	5.1	4.8	5.7	5.8
Primary job full time, secondary job part time	4,139	4,157	2,307	2,256	1,832	1,901
Primary and secondary jobs both part time	1,867	1,792	588	529	1,278	1,263
Primary and secondary jobs both full time	261	255	177	166	84	89
Hours vary on primary or secondary job	1,434	1,371	784	713	650	658

[1] Data refer to persons who have searched for work during the prior 12 months and were available to take a job during the reference week. These persons are referred to as "marginally attached to the labor force."

[2] Includes thinks no work available, could not find work, lacks schooling or training, employer thinks too young or old, and other types of discrimination. These persons are referred to as "discouraged workers."

[3] Includes those who did not actively look for work in the prior 4 weeks for such reasons as school or family responsibilities, ill health, and transportation problems, as well as a small number for which reason for nonparticipation was not determined.

[4] Includes persons who work part time on their primary job and full time on their secondary job(s), not shown separately.

NOTE: Updated population controls are introduced annually with the release of January data.

Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted						
	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Change from: Jan. 2008-Feb. 2008[p]
Total nonfarm	135,641	138,934	135,926	136,451	137,133	137,977	138,037	138,078	138,056	137,993	-63
Total private	113,196	116,232	113,724	113,748	115,006	115,715	115,759	115,745	115,719	115,618	-101
Goods-producing	21,753	21,875	21,378	21,252	22,322	22,101	22,049	21,976	21,922	21,833	-89
Natural resources and mining	694	735	724	726	711	727	735	739	741	743	2
Logging	60.2	61.2	59.4	58.7	62.2	59.1	59.9	60.6	60.6	60.3	-.3
Mining	633.5	674.0	664.9	666.8	649.0	667.8	675.0	677.9	680.5	682.4	1.9
Oil and gas extraction	140.6	152.6	153.3	152.1	141.9	148.9	152.3	153.1	154.2	153.5	-.7
Mining, except oil and gas[1]	210.2	221.4	216.2	215.0	220.3	226.9	226.0	225.2	226.6	225.8	-.8
Coal mining	76.5	78.5	78.4	78.5	77.1	78.1	78.7	78.3	78.6	79.0	.4
Support activities for mining	282.7	300.0	295.4	299.7	286.8	292.0	296.7	299.6	299.7	303.1	3.4
Construction	7,173	7,353	7,016	6,939	7,623	7,577	7,520	7,465	7,440	7,401	-39
Construction of buildings	1,720.4	1,691.9	1,630.7	1,596.2	1,790.3	1,736.6	1,716.4	1,702.4	1,688.0	1,669.9	-18.1
Residential building	938.7	899.5	858.4	835.7	976.6	929.2	913.3	902.0	889.8	875.4	-14.4
Nonresidential building	781.7	792.4	772.3	760.5	813.7	807.4	803.1	800.4	798.2	794.5	-3.7
Heavy and civil engineering construction	887.4	960.6	884.5	878.2	990.8	999.5	999.0	993.8	988.5	983.7	-4.8
Specialty trade contractors	4,565.1	4,700.4	4,500.9	4,464.6	4,841.5	4,841.3	4,804.8	4,768.4	4,763.2	4,746.9	-16.3
Residential specialty trade contractors	2,172.2	2,163.0	2,058.2	2,032.0	2,309.4	2,263.2	2,226.7	2,201.1	2,183.6	2,172.4	-11.2
Nonresidential specialty trade contractors	2,392.9	2,537.4	2,442.7	2,432.6	2,532.1	2,578.1	2,578.1	2,567.3	2,579.6	2,574.5	-5.1
Manufacturing	13,886	13,787	13,638	13,587	13,988	13,797	13,794	13,772	13,741	13,689	-52
Production workers	9,940	9,952	9,839	9,780	10,025	9,934	9,944	9,933	9,924	9,865	-59
Durable goods	8,834	8,755	8,668	8,630	8,883	8,761	8,763	8,739	8,720	8,680	-40
Production workers	6,245	6,240	6,171	6,122	6,286	6,232	6,242	6,220	6,215	6,165	-50
Wood products	517.1	505.3	495.5	486.8	528.4	511.8	509.0	507.2	504.1	498.9	-5.2
Nonmetallic mineral products	488.8	490.9	479.5	475.4	506.8	500.9	499.5	496.4	495.7	493.8	-1.9
Primary metals	460.2	451.8	451.8	450.9	459.6	451.5	452.6	452.2	451.8	449.9	-1.9
Fabricated metal products	1,556.2	1,565.6	1,553.6	1,548.5	1,583.4	1,568.0	1,565.6	1,562.7	1,559.8	1,555.7	-4.1
Machinery	1,186.3	1,191.2	1,191.3	1,191.4	1,187.4	1,189.0	1,189.9	1,191.0	1,193.3	1,192.4	-.9
Computer and electronic products[1]	1,288.8	1,260.3	1,254.5	1,251.0	1,291.5	1,256.5	1,260.5	1,257.6	1,255.3	1,251.4	-3.9
Computer and peripheral equipment	188.7	186.0	184.4	185.4	189.3	185.1	185.5	185.4	184.3	185.6	1.3
Communications equipment	130.4	129.7	129.4	129.0	130.2	128.1	129.5	129.0	129.5	128.8	-.7
Semiconductors and electronic components	452.4	435.1	433.1	428.8	454.4	435.8	437.0	434.9	433.4	429.4	-4.0
Electronic instruments	447.1	444.2	443.2	443.6	447.0	441.9	443.0	443.7	443.7	443.0	-.7
Electrical equipment and appliances	427.0	424.3	421.0	420.6	427.3	427.2	426.6	423.8	421.9	421.2	-.7
Transportation equipment[1]	1,730.7	1,698.0	1,671.1	1,663.1	1,732.4	1,689.3	1,693.5	1,684.7	1,681.3	1,668.0	-13.3
Motor vehicles and parts[2]	1,020.9	974.1	947.3	942.2	1,022.2	974.1	972.7	962.6	959.6	946.7	-12.9
Furniture and related products	536.2	524.1	516.4	510.5	541.6	528.3	527.0	523.8	520.3	514.8	-5.5
Miscellaneous manufacturing	643.1	643.5	633.2	631.9	644.6	638.2	638.8	639.9	636.6	633.5	-3.1
Nondurable goods	5,052	5,032	4,970	4,957	5,105	5,036	5,031	5,033	5,021	5,009	-12
Production workers	3,695	3,712	3,668	3,658	3,739	3,702	3,702	3,713	3,709	3,700	-9
Food manufacturing	1,449.4	1,488.8	1,461.6	1,454.7	1,479.0	1,478.6	1,477.9	1,486.3	1,483.4	1,483.2	-.2
Beverages and tobacco products	191.7	189.2	186.6	186.0	196.1	195.2	194.3	192.0	190.9	190.7	-.2
Textile mills	176.0	162.4	160.7	159.8	177.9	164.9	164.9	163.0	162.2	161.2	-1.0
Textile product mills	160.5	155.8	153.1	152.1	160.9	155.9	157.2	155.7	153.8	152.8	-1.0
Apparel	218.2	203.6	196.2	200.4	220.3	206.8	206.4	204.8	202.0	202.2	.2
Leather and allied products	34.4	33.9	34.3	33.3	34.6	33.7	34.1	33.7	34.5	33.4	-1.1
Paper and paper products	462.4	460.2	460.1	458.8	463.5	459.2	458.6	460.3	460.0	459.6	-.4
Printing and related support activities	625.9	622.8	615.7	610.6	629.7	622.2	622.0	619.5	619.9	614.6	-5.3
Petroleum and coal products	110.8	109.2	108.2	108.9	114.2	112.6	112.1	111.7	112.3	112.3	.0
Chemicals	862.4	862.7	857.9	856.7	864.5	860.7	860.5	862.0	860.6	859.1	-1.5
Plastics and rubber products	760.0	743.3	735.7	736.1	764.0	745.9	743.0	744.2	740.9	739.6	-1.3

See footnotes at the end of table.

Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail—Continued

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted						
	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Change from: Jan. 2008-Feb. 2008[p]
Service-providing	113,888	117,059	114,548	115,199	114,811	115,876	115,988	116,102	116,134	116,160	26
Private service-providing	91,443	94,357	92,345	92,496	92,684	93,614	93,710	93,769	93,797	93,785	-12
Trade, transportation, and utilities	26,132	27,328	26,472	26,204	26,516	26,644	26,693	26,658	26,646	26,607	-39
Wholesale trade	5,930.8	6,085.1	6,019.9	6,010.7	5,980.6	6,069.8	6,075.0	6,072.9	6,068.3	6,061.4	-6.9
Durable goods	3,089.5	3,150.6	3,123.1	3,112.0	3,107.4	3,147.4	3,152.4	3,145.0	3,139.3	3,130.4	-8.9
Nondurable goods	2,027.2	2,094.3	2,062.7	2,060.1	2,052.9	2,086.5	2,086.6	2,089.3	2,089.4	2,087.0	-2.4
Electronic markets and agents and brokers	814.1	840.2	834.1	838.6	820.3	835.9	836.0	838.6	839.6	844.0	4.4
Retail trade	15,176.5	16,085.9	15,395.7	15,155.7	15,460.0	15,469.1	15,513.1	15,487.8	15,487.6	15,453.5	-34.1
Motor vehicle and parts dealers[1]	1,890.0	1,898.9	1,885.0	1,884.9	1,913.4	1,911.9	1,911.0	1,909.3	1,912.0	1,908.3	-3.7
Automobile dealers	1,234.0	1,240.8	1,233.9	1,229.9	1,243.3	1,247.4	1,244.9	1,244.6	1,245.3	1,239.6	-5.7
Furniture and home furnishings stores	577.1	612.0	586.6	573.2	582.7	577.3	584.9	584.5	581.8	579.2	-2.6
Electronics and appliance stores	545.5	564.8	542.5	538.6	546.4	537.1	542.6	540.4	539.3	539.1	-.2
Building material and garden supply stores	1,267.6	1,237.3	1,206.0	1,205.8	1,325.7	1,285.4	1,279.9	1,271.6	1,268.2	1,261.4	-6.8
Food and beverage stores	2,802.7	2,907.7	2,868.4	2,856.4	2,831.6	2,859.6	2,871.9	2,871.9	2,881.6	2,884.8	3.2
Health and personal care stores	977.8	1,016.2	1,001.5	995.9	981.7	991.0	998.6	999.9	1,000.8	999.6	-1.2
Gasoline stations	850.0	848.1	841.0	839.0	861.5	862.0	859.1	850.5	851.9	851.3	-.6
Clothing and clothing accessories stores	1,426.7	1,674.4	1,499.5	1,432.7	1,479.5	1,500.9	1,524.5	1,508.6	1,498.0	1,495.0	-3.0
Sporting goods, hobby, book, and music stores	641.2	721.4	688.7	653.8	651.0	664.0	664.0	661.6	669.3	664.4	-4.9
General merchandise stores[1]	2,911.4	3,223.4	2,975.5	2,883.3	2,982.2	2,975.8	2,968.2	2,976.7	2,972.0	2,959.9	-12.1
Department stores	1,536.6	1,756.0	1,579.8	1,504.1	1,583.2	1,568.5	1,560.6	1,568.4	1,563.5	1,552.4	-11.1
Miscellaneous store retailers	857.3	895.7	857.1	854.3	869.2	869.0	868.3	866.3	870.6	866.3	-4.3
Nonstore retailers	429.2	486.0	443.9	437.8	435.1	435.1	440.1	446.5	442.1	444.2	2.1
Transportation and warehousing	4,478.8	4,600.9	4,501.9	4,485.1	4,526.3	4,548.7	4,549.0	4,539.9	4,534.0	4,536.0	2.0
Air transportation	480.1	500.8	501.5	502.7	485.2	495.2	503.0	502.1	504.9	507.3	2.4
Rail transportation	233.3	232.4	231.6	232.4	235.3	234.0	233.8	232.5	233.9	234.1	.2
Water transportation	61.4	63.4	61.7	61.1	64.2	64.9	65.0	64.4	64.0	64.2	.2
Truck transportation	1,417.2	1,424.6	1,397.0	1,386.1	1,450.5	1,433.6	1,428.7	1,423.1	1,422.3	1,419.5	-2.8
Transit and ground passenger transportation	421.8	427.9	423.8	426.4	407.5	417.4	411.5	411.8	412.2	412.5	.3
Pipeline transportation	39.9	40.9	40.7	41.0	39.9	40.3	40.6	40.8	40.6	41.0	.4
Scenic and sightseeing transportation	21.9	27.0	24.2	24.5	29.3	30.3	30.9	31.3	31.6	32.3	.7
Support activities for transportation	577.1	589.2	580.8	584.7	578.6	589.9	589.2	587.1	584.8	586.9	2.1
Couriers and messengers	575.5	625.1	587.6	576.8	582.0	577.9	584.4	588.1	584.3	583.6	-.7
Warehousing and storage	650.6	669.6	653.2	649.4	653.8	665.2	661.9	658.7	655.4	654.6	-.8
Utilities	545.9	556.3	554.1	552.7	548.7	556.1	555.5	557.1	556.3	556.0	-.3
Information	3,025	3,032	2,991	3,005	3,036	3,027	3,022	3,018	3,014	3,015	1
Publishing industries, except Internet	903.4	893.8	883.4	883.2	904.1	894.6	892.2	889.7	886.9	884.1	-2.8
Motion picture and sound recording industries	370.5	361.7	361.5	371.6	379.4	380.5	376.3	376.3	373.9	379.8	5.9
Broadcasting, except Internet	327.9	324.3	322.0	322.6	328.5	324.8	325.0	321.9	323.3	323.2	-.1
Telecommunications	1,039.1	1,029.6	1,024.4	1,022.7	1,037.5	1,023.6	1,026.4	1,026.8	1,025.3	1,020.5	-4.8
Data processing, hosting and related services	264.0	273.7	270.4	274.3	265.2	273.2	272.6	273.5	273.9	275.6	1.7
Other information services	120.2	128.8	129.5	130.6	121.0	130.0	129.5	129.3	130.5	131.5	1.0
Financial activities	8,303	8,249	8,185	8,184	8,347	8,283	8,260	8,252	8,244	8,232	-12
Finance and insurance	6,170.6	6,113.4	6,085.7	6,096.2	6,174.5	6,124.5	6,115.5	6,111.2	6,105.6	6,100.8	-4.8
Monetary authorities - central bank	21.2	20.6	20.4	20.7	21.4	20.8	20.7	20.7	20.6	20.7	.1
Credit intermediation and related activities[1]	2,928.3	2,827.8	2,816.8	2,821.0	2,928.1	2,844.8	2,834.3	2,829.2	2,825.0	2,820.1	-4.9
Depository credit intermediation[1]	1,819.5	1,824.7	1,818.4	1,821.2	1,820.4	1,829.3	1,823.4	1,824.6	1,821.3	1,823.2	1.9
Commercial banking	1,345.4	1,345.2	1,340.7	1,344.0	1,347.0	1,350.1	1,344.7	1,345.9	1,342.3	1,346.2	3.9
Securities, commodity contracts, investments	837.8	855.7	855.6	860.3	838.7	855.0	856.9	856.7	859.0	861.4	2.4
Insurance carriers and related activities	2,295.3	2,320.9	2,306.0	2,306.9	2,298.5	2,315.3	2,315.6	2,316.8	2,313.6	2,311.3	-2.3
Funds, trusts, and other financial vehicles	88.0	88.4	86.9	87.3	87.8	88.6	88.0	87.8	87.4	87.3	-.1
Real estate and rental and leasing	2,131.9	2,135.6	2,099.6	2,087.8	2,172.1	2,158.8	2,144.7	2,140.8	2,138.3	2,131.2	-7.1
Real estate	1,471.7	1,476.3	1,445.4	1,440.3	1,497.0	1,489.1	1,477.1	1,476.4	1,472.6	1,468.9	-3.7
Rental and leasing services	632.0	628.5	623.4	616.3	646.2	639.7	637.4	633.6	634.4	630.7	-3.7
Lessors of nonfinancial intangible assets	28.2	30.8	30.8	31.2	28.9	29.8	30.2	30.8	31.3	31.6	.3

See footnotes at the end of table.

Table B-1. Employees on nonfarm payrolls by industry sector and selected industry detail—Continued

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted						
	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Change from: Jan. 2008-Feb. 2008[p]
Professional and business services	17,549	18,163	17,733	17,770	17,873	18,070	18,079	18,131	18,122	18,102	-20
Professional and technical services[1]	7,629.5	7,845.9	7,858.8	7,913.8	7,554.5	7,759.3	7,784.8	7,820.5	7,831.6	7,838.6	7.0
Legal services	1,168.7	1,176.0	1,161.7	1,163.0	1,177.5	1,179.7	1,175.2	1,173.9	1,172.7	1,172.9	.2
Accounting and bookkeeping services	1,067.6	1,003.3	1,094.4	1,133.4	928.1	971.3	979.4	993.3	993.2	993.1	-.1
Architectural and engineering services	1,396.5	1,456.1	1,441.3	1,442.6	1,420.5	1,451.1	1,453.9	1,460.4	1,463.3	1,466.8	3.5
Computer systems design and related services	1,326.0	1,397.4	1,387.9	1,390.2	1,329.5	1,380.0	1,387.5	1,391.4	1,393.6	1,393.4	-.2
Management and technical consulting services	915.2	1,004.3	982.2	986.1	922.9	974.8	985.1	994.3	993.1	994.6	1.5
Management of companies and enterprises	1,825.6	1,860.8	1,832.2	1,825.5	1,835.3	1,860.9	1,850.0	1,847.8	1,845.1	1,842.8	-2.3
Administrative and waste services	8,093.5	8,456.3	8,041.6	8,030.5	8,483.0	8,449.6	8,444.1	8,462.8	8,444.9	8,420.7	-24.2
Administrative and support services[1]	7,746.9	8,094.1	7,681.6	7,673.3	8,129.4	8,092.2	8,081.4	8,099.3	8,078.9	8,056.5	-22.4
Employment services[1]	3,453.3	3,634.1	3,364.7	3,337.5	3,664.3	3,567.7	3,563.9	3,566.9	3,562.9	3,540.3	-22.6
Temporary help services	2,482.3	2,640.3	2,410.9	2,380.6	2,643.6	2,592.0	2,583.7	2,578.5	2,567.5	2,539.9	-27.6
Business support services	812.3	817.7	792.9	797.9	810.5	798.5	798.9	803.7	797.0	796.6	-.4
Services to buildings and dwellings	1,673.2	1,788.9	1,688.4	1,699.1	1,837.2	1,866.3	1,861.1	1,872.0	1,865.8	1,868.5	2.7
Waste management and remediation services	346.6	362.2	360.0	357.2	353.6	357.4	362.7	363.5	366.0	364.2	-1.8
Education and health services	18,218	18,741	18,501	18,754	18,111	18,490	18,522	18,568	18,617	18,647	30
Educational services	3,056.0	3,124.9	2,929.8	3,147.5	2,909.9	2,974.9	2,975.5	2,984.5	3,004.8	2,998.0	-6.8
Health care and social assistance	15,161.6	15,616.5	15,571.5	15,606.4	15,201.0	15,515.1	15,546.7	15,583.2	15,611.8	15,648.8	37.0
Health care[3]	12,767.0	13,133.9	13,099.6	13,127.5	12,812.1	13,060.1	13,081.1	13,109.6	13,136.3	13,172.3	36.0
Ambulatory health care services[1]	5,384.4	5,583.3	5,562.0	5,577.6	5,403.4	5,547.3	5,554.8	5,566.0	5,581.8	5,596.6	14.8
Offices of physicians	2,172.3	2,246.2	2,238.3	2,248.7	2,179.0	2,229.1	2,232.2	2,235.6	2,244.7	2,253.9	9.2
Outpatient care centers	505.5	513.9	510.3	512.0	506.3	511.4	511.0	513.0	511.6	512.8	1.2
Home health care services	891.0	933.2	930.4	928.9	896.1	930.3	929.1	930.9	933.6	934.6	1.0
Hospitals	4,462.3	4,574.5	4,570.8	4,583.1	4,474.4	4,549.7	4,558.8	4,572.4	4,578.5	4,595.0	16.5
Nursing and residential care facilities[1]	2,920.3	2,976.1	2,966.8	2,966.8	2,934.3	2,963.1	2,967.5	2,971.2	2,976.0	2,980.7	4.7
Nursing care facilities	1,589.2	1,611.3	1,604.6	1,604.5	1,599.2	1,603.1	1,605.9	1,608.2	1,609.7	1,613.4	3.7
Social assistance[1]	2,394.6	2,482.6	2,471.9	2,478.9	2,388.9	2,455.0	2,465.6	2,473.6	2,475.5	2,476.5	1.0
Child day care services	846.2	867.7	860.8	862.6	837.2	853.3	856.7	857.1	857.3	855.2	-2.1
Leisure and hospitality	12,790	13,358	13,028	13,109	13,331	13,604	13,628	13,635	13,646	13,667	21
Arts, entertainment, and recreation	1,760.6	1,860.7	1,789.5	1,814.1	1,968.8	1,996.4	2,001.4	2,010.3	2,017.5	2,022.8	5.3
Performing arts and spectator sports	375.6	416.7	387.1	401.1	405.0	419.0	426.4	429.9	430.2	431.5	1.3
Museums, historical sites, zoos, and parks	116.5	125.3	120.7	119.0	127.8	131.9	131.6	131.5	131.8	131.4	-.4
Amusements, gambling, and recreation	1,268.5	1,318.7	1,281.7	1,294.0	1,436.0	1,445.5	1,443.4	1,448.9	1,455.5	1,459.9	4.4
Accommodation and food services	11,029.7	11,496.9	11,238.1	11,295.2	11,362.8	11,607.5	11,626.8	11,624.7	11,628.1	11,643.7	15.6
Accommodation	1,775.0	1,803.0	1,770.4	1,771.0	1,853.5	1,863.6	1,870.3	1,858.1	1,856.0	1,851.7	-4.3
Food services and drinking places	9,254.7	9,693.9	9,467.7	9,524.2	9,509.1	9,743.9	9,756.5	9,766.6	9,772.1	9,792.0	19.9
Other services	5,426	5,486	5,436	5,470	5,470	5,496	5,506	5,507	5,508	5,515	7
Repair and maintenance	1,240.9	1,246.5	1,236.8	1,244.4	1,249.1	1,260.1	1,258.0	1,255.5	1,253.8	1,255.0	1.2
Personal and laundry services	1,286.0	1,304.3	1,286.2	1,290.2	1,301.9	1,303.4	1,309.7	1,306.9	1,305.7	1,305.9	.2
Membership associations and organizations	2,899.2	2,935.2	2,912.5	2,934.9	2,918.6	2,932.8	2,938.0	2,944.4	2,948.5	2,953.7	5.2
Government	22,445	22,702	22,202	22,703	22,127	22,262	22,278	22,333	22,337	22,375	38
Federal	2,709	2,740	2,694	2,706	2,729	2,722	2,728	2,735	2,718	2,726	8
Federal, except U.S. Postal Service	1,947.6	1,960.8	1,958.2	1,971.3	1,963.5	1,963.5	1,966.7	1,972.3	1,976.8	1,984.9	8.1
U.S. Postal Service	761.1	779.1	735.5	734.5	765.6	758.3	761.7	763.1	741.3	741.5	.2
State government	5,233	5,250	5,055	5,297	5,114	5,138	5,131	5,153	5,164	5,174	10
State government education	2,444.0	2,447.5	2,247.5	2,479.0	2,312.6	2,325.9	2,314.3	2,332.5	2,339.1	2,344.5	5.4
State government, excluding education	2,788.7	2,802.6	2,807.6	2,818.1	2,801.3	2,812.4	2,816.5	2,820.9	2,824.8	2,829.2	4.4
Local government	14,503	14,712	14,453	14,700	14,284	14,402	14,419	14,445	14,455	14,475	20
Local government education	8,278.0	8,360.4	8,128.5	8,358.7	7,953.7	7,994.6	7,999.6	8,016.5	8,016.9	8,027.9	11.0
Local government, excluding education	6,225.1	6,351.9	6,324.3	6,341.4	6,330.2	6,408.9	6,419.2	6,428.2	6,437.8	6,446.9	9.1

[1] Includes other industries, not shown separately.
[2] Includes motor vehicles, motor vehicle bodies and trailers, and motor vehicle parts.
[3] Includes ambulatory health care services, hospitals, and nursing and residential care facilities.
[p] = preliminary.
NOTE: Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

Table B-2. Average weekly hours of production and nonsupervisory workers[1] on private nonfarm payrolls by industry sector and selected industry detail

Industry	Not seasonally adjusted				Seasonally adjusted						
	Feb. 2007	Dec. 2007	Jan. 2008p	Feb. 2008p	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008p	Feb. 2008p	Change from: Jan. 2008-Feb. 2008p
Total private	33.4	34.1	33.3	33.4	33.7	33.8	33.8	33.8	33.7	33.7	0.0
Goods-producing	39.6	40.7	40.0	39.7	40.2	40.6	40.7	40.5	40.4	40.4	.0
Natural resources and mining	45.4	45.8	44.9	45.0	45.9	46.0	46.2	45.8	45.6	45.6	.0
Construction	37.4	38.6	37.8	37.4	38.4	39.0	39.1	39.0	38.7	38.6	-.1
Manufacturing	40.5	41.6	40.9	40.7	40.9	41.2	41.3	41.1	41.1	41.1	.0
Overtime hours	3.9	4.3	3.9	3.8	4.1	4.1	4.1	4.0	4.0	4.0	.0
Durable goods	40.7	41.8	41.1	41.0	41.1	41.5	41.5	41.3	41.4	41.4	.0
Overtime hours	3.9	4.4	3.9	3.9	4.1	4.1	4.1	4.0	4.1	4.1	.0
Wood products	38.1	39.4	38.2	37.7	39.2	39.5	39.0	39.2	39.1	38.9	-.2
Nonmetallic mineral products	40.5	41.1	41.0	40.9	41.7	42.6	42.9	41.5	42.1	42.1	.0
Primary metals	42.9	42.8	42.4	42.4	43.0	42.6	42.7	42.2	42.3	42.5	.2
Fabricated metal products	40.7	42.1	41.5	41.3	41.1	41.7	41.7	41.6	41.6	41.7	.1
Machinery	42.0	43.5	43.0	43.0	42.2	42.9	42.9	42.9	43.1	43.2	.1
Computer and electronic products	40.1	41.4	40.1	40.1	40.5	40.6	40.9	40.5	40.4	40.4	.0
Electrical equipment and appliances	40.5	42.7	41.6	41.1	41.0	40.7	41.2	41.6	41.6	41.6	.0
Transportation equipment	42.3	42.9	42.6	42.8	42.5	42.7	42.6	42.1	42.7	43.0	.3
Motor vehicles and parts[2]	41.3	42.3	41.9	42.5	41.6	42.2	42.1	41.6	42.2	42.7	.5
Furniture and related products	38.5	39.9	37.8	37.3	38.9	39.1	38.9	39.1	38.2	37.8	-.4
Miscellaneous manufacturing	37.8	39.3	38.7	38.2	37.9	39.0	38.8	38.8	38.8	38.5	-.3
Nondurable goods	40.1	41.3	40.4	40.2	40.6	40.8	40.9	40.8	40.5	40.6	.1
Overtime hours	3.9	4.2	3.7	3.6	4.2	4.1	4.1	4.0	3.9	3.9	.0
Food manufacturing	39.7	41.0	40.1	39.7	40.5	40.8	40.6	40.4	40.4	40.5	.1
Beverages and tobacco products	39.7	40.3	40.2	40.4	40.6	40.6	40.5	40.8	40.9	41.1	.2
Textile mills	40.5	41.1	38.8	38.8	40.7	40.2	39.9	40.2	38.8	39.1	.3
Textile product mills	39.1	40.7	38.4	38.7	39.2	39.2	39.1	39.9	38.5	39.0	.5
Apparel	37.0	37.5	36.4	36.5	37.1	36.6	36.9	37.5	36.7	36.6	-.1
Leather and allied products	37.8	40.0	37.7	37.6	38.1	37.7	38.1	39.1	38.0	37.9	-.1
Paper and paper products	41.7	44.6	44.1	43.5	42.4	43.3	43.7	44.0	44.1	44.1	.0
Printing and related support activities	39.5	39.3	38.1	38.1	39.4	38.8	39.0	38.8	38.2	38.1	-.1
Petroleum and coal products	44.1	43.1	43.6	44.3	45.0	42.9	43.8	44.0	44.1	44.9	.8
Chemicals	41.8	41.8	41.5	41.2	41.8	41.7	42.1	41.5	41.4	41.3	-.1
Plastics and rubber products	40.1	42.0	41.2	41.0	40.4	41.7	42.1	41.4	41.2	41.4	.2
Private service-providing	32.1	32.7	31.9	32.1	32.4	32.4	32.4	32.4	32.3	32.3	.0
Trade, transportation, and utilities	32.9	33.7	32.8	32.9	33.3	33.2	33.3	33.3	33.3	33.3	.0
Wholesale trade	37.8	38.8	37.9	37.9	38.1	38.1	38.1	38.3	38.3	38.2	-.1
Retail trade	29.7	30.5	29.6	29.6	30.2	30.1	30.2	30.1	30.1	30.1	.0
Transportation and warehousing	36.6	37.6	36.0	36.4	37.1	36.7	36.8	36.8	36.6	36.9	.3
Utilities	42.1	42.7	42.6	42.5	42.4	42.2	42.5	42.8	42.9	42.7	-.2
Information	36.4	36.7	35.9	36.1	36.5	36.2	36.2	36.3	36.2	36.3	.1
Financial activities	35.8	36.4	35.4	35.8	36.0	35.7	35.8	35.8	35.7	35.9	.2
Professional and business services	34.4	35.2	34.0	34.4	34.6	34.8	34.7	34.8	34.6	34.6	.0
Education and health services	32.3	32.8	32.4	32.4	32.4	32.6	32.6	32.6	32.5	32.5	.0
Leisure and hospitality	25.1	25.3	24.5	24.9	25.5	25.4	25.3	25.3	25.3	25.3	.0
Other services	30.7	31.0	30.5	30.6	30.8	30.8	30.9	30.8	30.8	30.7	-.1

[1] Data relate to production workers in natural resources and mining and manufacturing, construction workers in construction, and nonsupervisory workers in the service-providing industries. These groups account for approximately four-fifths of the total employment on private nonfarm payrolls.

[2] Includes motor vehicles, motor vehicle bodies and trailers, motor vehicle parts.

p = preliminary.

NOTE: Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

Table B-3. Average hourly and weekly earnings of production and nonsupervisory workers[1] on private nonfarm payrolls by industry sector and selected industry detail

Industry	Average hourly earnings				Average weekly earnings			
	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]
Total private	$17.20	$17.75	$17.80	$17.84	$574.48	$605.28	$592.74	$595.86
Seasonally adjusted	17.17	17.70	17.75	17.80	578.63	598.26	598.18	599.86
Goods-producing	18.29	18.96	18.90	18.94	724.28	771.67	756.00	751.92
Natural resources and mining	20.82	21.68	21.89	21.76	945.23	992.94	982.86	979.20
Construction	20.47	21.38	21.23	21.34	765.58	825.27	802.49	798.12
Manufacturing	17.05	17.51	17.55	17.57	690.53	728.42	717.80	715.10
Durable goods	17.96	18.46	18.44	18.51	730.97	771.63	757.88	758.91
Wood products	13.54	13.88	13.92	13.99	515.87	546.87	531.74	527.42
Nonmetallic mineral products	16.79	16.94	16.94	16.78	680.00	696.23	694.54	686.30
Primary metals	19.37	19.73	20.03	19.95	830.97	844.44	849.27	845.88
Fabricated metal products	16.32	16.82	16.77	16.81	664.22	708.12	695.96	694.25
Machinery	17.64	17.95	17.74	17.75	740.88	780.83	762.82	763.25
Computer and electronic products	19.52	20.33	20.54	20.66	782.75	841.66	823.65	828.47
Electrical equipment and appliances	15.91	15.73	15.70	15.80	644.36	671.67	653.12	649.38
Transportation equipment	22.56	23.46	23.34	23.50	954.29	1,006.43	994.28	1,005.80
Furniture and related products	14.06	14.50	14.39	14.29	541.31	578.55	543.94	533.02
Miscellaneous manufacturing	14.49	15.00	14.91	14.87	547.72	589.50	577.02	568.03
Nondurable goods	15.47	15.90	16.02	15.96	620.35	656.67	647.21	641.59
Food manufacturing	13.34	13.70	13.86	13.71	529.60	561.70	555.79	544.29
Beverages and tobacco products	17.88	19.69	19.78	19.78	709.84	793.51	795.16	799.11
Textile mills	12.87	13.13	13.31	13.34	521.24	539.64	516.43	517.59
Textile product mills	11.86	11.75	11.66	11.68	463.73	478.23	447.74	452.02
Apparel	10.93	11.28	11.44	11.46	404.41	423.00	416.42	418.29
Leather and allied products	11.82	12.12	12.79	12.86	446.80	484.80	482.18	483.54
Paper and paper products	18.11	18.71	18.85	18.61	755.19	834.47	831.29	809.54
Printing and related support activities	15.87	16.65	16.54	16.49	626.87	654.35	630.17	628.27
Petroleum and coal products	24.82	25.52	26.59	26.64	1,094.56	1,099.91	1,159.32	1,180.15
Chemicals	19.56	19.57	19.49	19.48	817.61	818.03	808.84	802.58
Plastics and rubber products	15.25	15.65	15.60	15.64	611.53	657.30	642.72	641.24
Private service-providing	16.93	17.45	17.51	17.57	543.45	570.62	558.57	564.00
Trade, transportation, and utilities	15.62	15.89	16.01	16.09	513.90	535.49	525.13	529.36
Wholesale trade	19.26	20.10	19.99	20.05	728.03	779.88	757.62	759.90
Retail trade	12.70	12.64	12.80	12.83	377.19	385.52	378.88	379.77
Transportation and warehousing	17.41	18.04	18.05	18.11	637.21	678.30	649.80	659.20
Utilities	27.46	28.61	28.48	28.41	1,156.07	1,221.65	1,213.25	1,207.43
Information	23.80	24.34	24.44	24.47	866.32	893.28	877.40	883.37
Financial activities	19.42	19.97	19.96	20.04	695.24	726.91	706.58	717.43
Professional and business services	19.95	20.67	20.66	20.76	686.28	727.58	702.44	714.14
Education and health services	17.76	18.51	18.58	18.51	573.65	607.13	601.99	599.72
Leisure and hospitality	10.25	10.77	10.73	10.81	257.28	272.48	262.89	269.17
Other services	15.10	15.75	15.75	15.81	463.57	488.25	480.38	483.79

[1] See footnote 1, table B-2.
[p] = preliminary.
NOTE: Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

Table B-4. Average hourly earnings of production and nonsupervisory workers[1] on private nonfarm payrolls by industry sector and selected industry detail, seasonally adjusted

Industry	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008p	Feb. 2008p	Percent change from: Jan. 2008-Feb. 2008 p
Total Private:							
Current dollars	$17.17	$17.59	$17.64	$17.70	$17.75	$17.80	0.3
Constant (1982) dollars [2]	8.35	8.34	8.27	8.27	8.26	N.A.	([3])
Goods-producing	18.39	18.77	18.84	18.90	18.97	19.03	.3
Natural resources and mining	20.75	21.05	21.02	21.54	21.66	21.64	-.1
Construction	20.59	21.07	21.20	21.30	21.36	21.45	.4
Manufacturing	17.06	17.34	17.40	17.41	17.51	17.56	.3
Excluding overtime [4]	16.25	16.52	16.58	16.60	16.70	16.75	.3
Durable goods	17.98	18.28	18.31	18.33	18.42	18.50	.4
Nondurable goods	15.49	15.73	15.85	15.86	15.94	15.96	.1
Private service-providing	16.85	17.28	17.33	17.39	17.44	17.49	.3
Trade, transportation, and utilities	15.60	15.94	15.93	16.00	16.02	16.07	.3
Wholesale trade	19.24	19.77	19.86	19.93	19.97	20.03	.3
Retail trade	12.68	12.86	12.81	12.81	12.82	12.83	.1
Transportation and warehousing	17.52	17.86	17.93	18.07	18.09	18.20	.6
Utilities	27.46	28.32	28.18	28.52	28.47	28.44	-.1
Information	23.78	24.10	24.11	24.18	24.34	24.43	.4
Financial activities	19.40	19.78	19.87	19.91	19.99	20.03	.2
Professional and business services	19.81	20.31	20.42	20.46	20.53	20.61	.4
Education and health services	17.78	18.34	18.43	18.48	18.53	18.55	.1
Leisure and hospitality	10.17	10.60	10.61	10.65	10.68	10.73	.5
Other services	15.13	15.59	15.66	15.71	15.78	15.84	.4

[1] See footnote 1, table B-2.
[2] The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is used to deflate this series.
[3] Change was -0.1 percent from Dec. 2007 to Jan. 2008, the latest month available.
[4] Derived by assuming that overtime hours are paid at the rate of time and one-half.

N.A. = not available.
p = preliminary.
NOTE: Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

Table B-5. Indexes of aggregate weekly hours of production and nonsupervisory workers[1] on private nonfarm payrolls by industry sector and selected industry detail

(2002=100)

Industry	Not seasonally adjusted				Seasonally adjusted						
	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Percent change from: Jan. 2008-Feb. 2008[p]
Total private	103.4	109.2	104.1	104.4	106.2	107.7	107.7	107.8	107.4	107.3	-0.1
Goods-producing	96.0	100.6	96.2	94.8	100.5	101.4	101.5	100.6	100.1	99.5	-.6
Natural resources and mining	126.2	135.1	129.6	130.3	131.7	133.5	136.0	135.6	135.2	135.7	.4
Construction	101.3	109.4	101.5	99.2	111.6	114.5	113.9	112.7	111.2	110.1	-1.0
Manufacturing	92.4	95.0	92.4	91.4	94.1	93.9	94.3	93.7	93.6	93.1	-.5
Durable goods	95.5	98.0	95.3	94.3	97.1	97.2	97.3	96.5	96.7	95.9	-.8
Wood products	86.4	86.9	82.3	79.8	91.3	88.2	86.6	86.9	86.0	84.8	-1.4
Nonmetallic mineral products	89.4	92.4	90.8	89.4	96.0	98.4	98.4	94.4	96.9	96.1	-.8
Primary metals	92.3	90.9	90.0	90.1	91.9	90.3	90.7	89.6	89.7	89.8	.1
Fabricated metal products	101.8	106.3	104.1	103.0	103.3	105.2	105.2	104.8	104.9	104.5	-.4
Machinery	101.6	106.7	105.6	105.2	102.2	104.6	104.9	105.0	105.8	105.8	.0
Computer and electronic products	101.8	104.3	100.7	100.1	103.2	101.3	102.7	101.7	101.5	101.0	-.5
Electrical equipment and appliances	86.7	92.0	88.8	87.6	87.9	87.9	89.1	89.2	89.0	88.9	-.1
Transportation equipment	97.1	98.0	95.2	94.9	97.6	96.9	97.2	95.2	96.1	95.6	-.5
Motor vehicles and parts[2]	85.8	84.1	80.4	81.1	86.5	83.9	83.8	81.6	82.3	81.9	-.5
Furniture and related products	85.4	86.2	80.2	77.2	87.2	85.4	84.8	84.2	81.7	79.1	-3.2
Miscellaneous manufacturing	88.6	92.7	89.8	88.1	89.1	90.6	90.7	91.0	90.7	88.9	-2.0
Nondurable goods	87.3	90.3	87.3	86.6	89.4	89.0	89.2	89.3	88.5	88.5	.0
Food manufacturing	96.1	102.7	98.6	97.0	100.2	100.9	100.4	101.0	100.9	101.0	.1
Beverages and tobacco products	97.3	89.1	85.5	85.1	101.6	98.3	96.3	92.3	90.3	89.7	-.7
Textile mills	58.8	54.8	51.4	51.2	59.5	54.6	53.8	53.8	51.8	52.0	.4
Textile product mills	78.5	77.7	71.6	72.0	78.8	74.5	75.3	76.4	72.3	72.8	.7
Apparel	61.6	59.7	56.0	56.8	62.5	58.5	59.2	60.3	58.2	57.6	-1.0
Leather and allied products	68.1	74.0	70.7	67.5	69.2	69.5	70.5	71.5	71.3	68.6	-3.8
Paper and paper products	83.4	89.0	88.0	87.0	85.1	86.3	86.9	87.9	88.2	88.3	.1
Printing and related support activities	93.0	92.4	88.8	87.8	93.5	91.0	91.6	90.6	89.6	88.5	-1.2
Petroleum and coal products	87.7	90.3	92.4	95.2	93.1	95.6	96.4	95.1	97.4	100.3	3.0
Chemicals	92.7	96.2	95.4	94.9	93.1	93.8	95.9	95.6	95.4	95.3	-.1
Plastics and rubber products	88.4	91.2	88.7	88.4	89.6	91.0	91.2	90.1	89.4	89.7	.3
Private service-providing	105.4	111.4	106.2	107.0	108.0	109.5	109.5	109.7	109.4	109.3	-.1
Trade, transportation, and utilities	101.1	109.4	102.8	101.8	104.0	104.6	105.1	105.1	105.0	104.8	-.2
Wholesale trade	105.8	112.8	108.9	108.7	107.7	110.5	110.4	111.1	111.1	110.7	-.4
Retail trade	97.5	107.2	99.1	97.2	101.3	101.3	101.9	101.4	101.4	101.0	-.4
Transportation and warehousing	106.9	113.6	106.3	107.1	109.7	108.9	109.4	109.5	108.9	110.0	1.0
Utilities	94.5	97.1	96.9	96.3	95.6	96.2	96.7	97.5	97.9	97.3	-.6
Information	99.2	101.3	98.0	98.9	99.8	99.4	99.4	99.7	99.6	99.8	.2
Financial activities	107.8	110.0	106.1	107.3	109.1	108.1	108.2	108.2	107.9	108.4	.5
Professional and business services	111.2	118.1	111.2	112.7	114.1	116.3	115.9	116.7	115.9	115.6	-.3
Education and health services	110.6	115.8	113.0	114.5	110.4	113.6	113.8	114.1	114.1	114.3	.2
Leisure and hospitality	103.6	109.2	102.9	105.2	110.0	111.9	111.6	111.6	111.6	111.8	.2
Other services	97.1	99.3	96.8	97.9	98.3	99.2	99.5	99.2	99.3	99.2	-.1

[1] See footnote 1, table B-2.

[2] Includes motor vehicles, motor vehicle bodies and trailers, and motor vehicle parts.

[p] = preliminary.

NOTE: The indexes of aggregate weekly hours are calculated by dividing the current months estimates of aggregate hours by the corresponding 2002 annual average levels. Aggregate hours estimates are the product of estimates of average weekly hours and production and nonsupervisory worker employment.

Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

Table B-6. Indexes of aggregate weekly payrolls of production and nonsupervisory workers[1] on private nonfarm payrolls by industry sector and selected industry detail

(2002=100)

Industry	Not seasonally adjusted				Seasonally adjusted						
	Feb. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Feb. 2007	Oct. 2007	Nov. 2007	Dec. 2007	Jan. 2008[p]	Feb. 2008[p]	Percent change from: Jan. 2008-Feb. 2008[p]
Total private	118.8	129.6	123.9	124.5	121.9	126.6	127.0	127.5	127.4	127.6	0.2
Goods-producing	107.6	116.8	111.4	109.9	113.2	116.6	117.1	116.5	116.3	116.0	-.3
Natural resources and mining	152.8	170.3	164.9	164.9	159.0	163.4	166.3	169.8	170.3	170.8	.3
Construction	112.0	126.3	116.4	114.3	124.0	130.3	130.4	129.6	128.2	127.5	-.5
Manufacturing	103.0	108.8	106.0	105.0	105.0	106.5	107.3	106.7	107.2	106.9	-.3
Durable goods	107.1	112.9	109.7	109.0	109.0	110.9	111.2	110.4	111.2	110.7	-.4
Nondurable goods	95.4	101.5	98.8	97.7	97.9	98.9	99.9	100.0	99.7	99.8	.1
Private service-providing	122.3	133.3	127.5	128.9	124.8	129.7	130.2	130.8	130.8	131.1	.2
Trade, transportation, and utilities	112.6	124.0	117.3	116.8	115.8	119.0	119.4	119.9	120.0	120.2	.2
Wholesale trade	120.0	133.6	128.2	128.3	122.0	128.6	129.2	130.4	130.7	130.6	-.1
Retail trade	106.1	116.2	108.7	106.9	110.0	111.6	111.9	111.3	111.4	111.1	-.3
Transportation and warehousing	118.0	130.0	121.7	123.1	121.9	123.4	124.4	125.5	125.0	127.0	1.6
Utilities	108.3	115.9	115.1	114.2	109.6	113.7	113.7	116.1	116.3	115.5	-.7
Information	116.9	122.1	118.6	119.8	117.5	118.6	118.7	119.4	120.0	120.7	.6
Financial activities	129.5	135.8	130.9	133.0	130.9	132.3	133.0	133.2	133.3	134.2	.7
Professional and business services	132.0	145.3	136.7	139.2	134.5	140.5	140.9	142.1	141.5	141.8	.2
Education and health services	129.1	141.0	138.0	139.3	129.0	137.0	137.8	138.6	139.0	139.3	.2
Leisure and hospitality	120.6	133.6	125.3	129.2	127.0	134.7	134.4	135.0	135.4	136.2	.6
Other services	106.8	114.0	111.1	112.8	108.4	112.7	113.5	113.6	114.1	114.5	.4

[1] See footnote 1, table B-2.

[p] = preliminary.

NOTE: The indexes of aggregate weekly payrolls are calculated by dividing the current months estimates of aggregate payrolls by the corresponding 2002 annual average levels. Aggregate payroll estimates are the product of estimates of average hourly earnings, average weekly hours, and production and nonsupervisory worker employment.

Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

Table B-7. Diffusion indexes of employment change

(Percent)

Time span	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Private nonfarm payrolls, 274 industries [1]											
Over 1-month span:												
2004	50.5	50.5	64.1	62.6	61.7	58.9	56.0	50.0	56.9	56.9	51.3	51.8
2005	52.2	60.6	54.2	58.2	55.8	58.2	58.0	61.3	54.7	53.6	62.4	54.7
2006	65.1	60.9	64.4	59.3	53.3	52.7	60.4	58.9	53.5	55.8	57.1	56.0
2007	51.6	51.8	52.7	51.1	56.5	50.4	52.2	51.6	56.4	54.6	48.2	48.5
2008	p 46.2	p 45.6										
Over 3-month span:												
2004	54.4	52.9	57.3	63.5	68.8	66.6	61.3	56.4	57.7	59.5	61.9	54.6
2005	52.2	55.5	57.5	60.8	58.9	61.9	60.4	63.9	61.1	54.4	54.9	61.3
2006	67.2	66.2	66.6	65.5	60.6	58.2	56.0	58.9	55.7	56.4	57.1	58.4
2007	58.4	54.7	55.3	54.7	56.2	53.3	53.1	54.7	58.4	56.8	54.7	52.4
2008	p 48.0	p 46.9										
Over 6-month span:												
2004	50.0	51.6	55.3	60.9	63.7	65.1	65.1	63.9	60.4	61.7	58.2	56.0
2005	54.6	57.3	56.8	57.5	57.5	58.2	64.4	62.8	62.0	59.3	61.5	62.0
2006	63.1	64.4	67.2	67.0	64.4	66.4	61.5	61.7	60.4	59.7	60.8	56.0
2007	59.1	56.4	57.5	56.8	58.8	58.2	56.2	58.0	58.2	57.1	54.6	53.8
2008	p 52.6	p 50.4										
Over 12-month span:												
2004	40.5	42.3	45.1	48.9	51.3	58.2	57.5	55.7	57.3	58.8	60.6	60.8
2005	60.6	60.8	59.7	58.9	58.0	60.0	60.9	63.3	60.4	58.9	59.5	61.7
2006	67.2	65.1	65.5	62.6	64.8	66.4	64.4	64.4	66.2	65.1	64.4	65.5
2007	62.6	59.1	60.4	58.9	59.5	58.4	57.5	58.8	61.7	60.4	59.9	57.7
2008	p 55.5	p 54.9										
	Manufacturing payrolls, 84 industries [1]											
Over 1-month span:												
2004	43.6	47.6	47.0	63.7	50.6	51.2	58.3	42.9	42.9	48.2	42.3	39.9
2005	36.3	48.8	42.9	44.6	42.3	35.1	38.1	47.0	45.8	46.4	47.0	47.0
2006	57.7	45.8	54.8	48.8	38.1	53.0	50.6	44.0	36.3	40.5	38.1	39.3
2007	47.6	35.7	30.4	29.8	37.5	39.3	41.7	33.3	40.5	45.2	44.6	36.3
2008	p 39.9	p 31.0										
Over 3-month span:												
2004	41.1	40.5	43.5	56.5	58.9	61.3	57.7	47.0	46.4	41.7	44.6	38.7
2005	38.1	39.3	42.3	44.6	36.3	37.5	33.3	39.9	45.8	41.7	38.7	49.4
2006	54.8	52.4	47.6	48.8	44.6	50.6	42.9	47.6	36.3	37.5	32.1	34.5
2007	33.9	28.6	32.1	27.4	29.8	32.7	31.0	34.5	32.1	39.3	44.0	41.7
2008	p 35.7	p 29.8										
Over 6-month span:												
2004	29.2	31.5	32.7	44.6	49.4	54.8	59.5	56.0	51.2	51.8	44.0	38.7
2005	33.9	38.1	35.1	36.9	32.1	32.1	41.7	35.7	36.3	36.9	37.5	42.3
2006	42.9	45.2	50.6	47.6	48.2	47.6	46.4	48.8	43.5	41.7	38.7	29.8
2007	34.5	27.4	23.8	27.4	31.5	34.5	33.3	31.0	29.2	35.1	34.5	32.7
2008	p 33.3	p 32.1										
Over 12-month span:												
2004	13.1	14.3	13.1	20.2	23.2	35.7	36.9	38.1	36.9	44.0	44.6	44.6
2005	44.6	43.5	41.7	40.5	36.3	35.1	32.1	33.9	32.7	33.3	33.3	38.1
2006	44.6	40.5	40.5	39.3	39.3	44.6	41.7	42.3	46.4	48.2	45.2	44.0
2007	39.3	36.3	36.9	28.6	29.8	26.2	26.8	29.2	30.4	29.8	33.3	33.9
2008	p 29.8	p 29.2										

[1] Based on seasonally adjusted data for 1-, 3-, and 6-month spans and unadjusted data for the 12-month span.

p = preliminary.

NOTE: Figures are the percent of industries with employment increasing plus one-half of the industries with unchanged employment, where 50 percent indicates an equal balance between industries with increasing and decreasing employment.

Data reflect the conversion to the 2007 version of the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry, replacing NAICS 2002. See http://www.bls.gov/ces/cesnaics07.htm for more details.

PREPARED STATEMENT OF DR. REBECCA M. BLANK, PROFESSOR, UNIVERSITY OF MICHIGAN, ANN ARBOR MICHIGAN; A ROBERT V. KERR VISITING FELLOW, THE BROOKINGS INSTITUTION, WASHINGTON, DC

Chairman Schumer, Ranking Member Saxton, and distinguished members of the Committee, I appreciate the opportunity to appear before you today to discuss the labor market. The opinions I will express are my own and not those of the organizations with which I am affiliated.

The unemployment rate has long been used as a common measure of 'economic pain' in the economy. Today, I want to analyze the current labor market situation, with particularly attention to unemployment.

There is much current talk about recession and a wide variety of economic indicators are signaling a major economic slowdown. GDP growth was below 1 percent last quarter; credit is tight, even with lower interest rates; and consumer confidence is falling. This has generated a conversation about whether the Federal Government should extend Unemployment Insurance benefits beyond their standard 26 weeks.

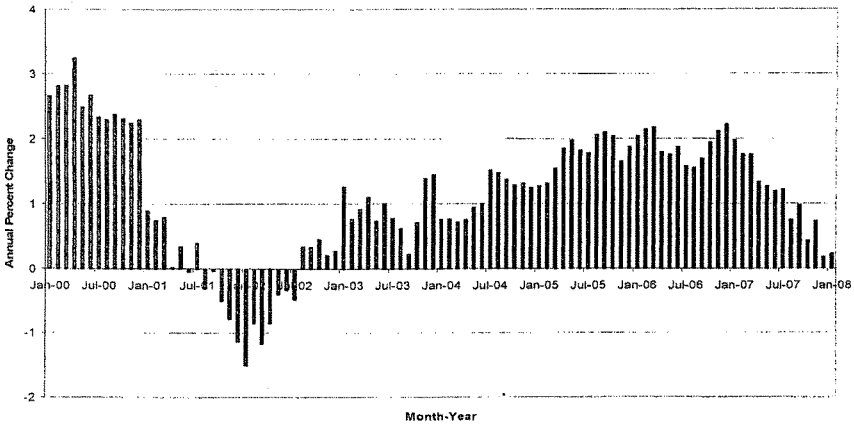
Yet, the unemployment rate has remained relatively low in recent months, at or below 5 percent. At least compared with unemployment in the 1970's and 1980's, this does not seem high and is below the unemployment rate where extended benefits were implemented in the past. I want to argue that this low unemployment rate is somewhat misleading, because the composition of those in the labor market is different than in the past. In fact, there is substantial evidence that the problems of unemployment are at least as bad now as they were at the beginning of the economic slowdown of the early 1990s or the early 2000s, both recessions when extended benefits were enacted.

CURRENT LABOR MARKET INDICATORS

There are at least five indicators of problems in the current labor market.

First, recent months have shown a *marked slowdown in employment growth.* From January 2006 through January 2007, employment grew by 2 percent. Over this past year, from January 2007 through January 2008, employment grew only 0.2 percent. The number of people employed has actually declined in a few recent months. Figure 1 shows the annual changes in unemployment from month to month; the recent slowdown in employment growth is clearly visible over the past year.

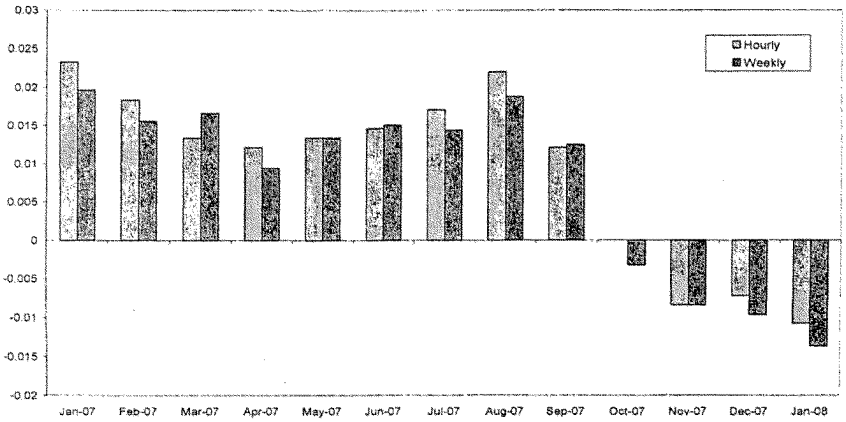
Figure 1.
Annual Change in Employment, January 2000 to January 2008



Source: U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/home.htm.
Note: Employment data are seasonally adjusted.

Second, *wage growth has slowed over the last 6 months.* Figure 2, taken from a chart constructed by Jared Bernstein at the Economic Policy Institute (Bernstein, 2008), indicates that the annual change in real earnings has been negative since October. This is due to the combination of very slow growth in nominal wages and faster inflation, leading to a decline in real (inflation-adjusted) wages.

Figure 2.
Yearly Change in Real Earnings, Hourly and Weekly, Jan07-Jan08



Source: Figure and data provided by Jared Bernstein at the Economic Policy Institute, originally published online at http://www.epi.org/content.cfm/webfeatures_snapshots_20080220se (February 20, 2008). Original wage data from the Bureau of Labor Statistics. BLS uses the CPI-W to deflate earnings.

Third, *unemployment is at relatively high levels among high-risk groups.* Table 1 compares unemployment rates in January 2008 with unemployment in July 1990 and March 2001. These were the months that marked the official beginning of the recessions of the early 1990s and the early 2000s. While I do not know if January 2008 was the first month of a recession, it is interesting to compare unemployment in January 2008 to unemployment at the beginning of historical economic slowdowns. The top part of Table 1 shows unemployment rates among groups that we tend to think are most at risk of job loss and long-term unemployment in times of recession.

The evidence suggests that unemployment in January 2008 was higher among younger workers than at the beginning of the 1990 or the 2001 recessions. It was higher among less skilled workers than in 2001 (we only have data on this from the mid-1990s onward), and higher among black and Hispanic workers than in 2001, but lower than in 1990.

Fourth, indicators of labor market slackness are at high levels. The bottom part of Table 1 shows three alternative measures of labor market slackness. Overall unemployment rates are higher now than at the beginning of the 2001 recession, but slightly lower than at the beginning of the 1990 recession. Long-term unemployment measures the number of workers whose unemployment spell has lasted 27 weeks or longer. Long-term unemployment is currently quite high, with almost 1 percent of the workforce in long-term unemployment in January 2008.

Figure 3 shows long-term unemployment as a share of overall unemployment. As of January 2008, 18.3 percent of the unemployed had been unemployed for more than a half year. This is substantially higher than in 1990 (at 12.9 percent) or 2001 (at 11.1 percent). This suggests that a substantial fraction of those who lost jobs in 2007 are having serious difficulties binding reemployment.

The standard unemployment rate measures those who actively looked for work. The Bureau of Labor Statistics also computes a measure of those they call "marginally attached," which are those who want a job and have recently looked for a job, but are currently not looking because jobs are so scarce. They also measure those who are working only part-time because of economic reasons, the so-called 'involuntary part-time workers.' If one expands the labor force to include marginally attached workers, and looks at the share who report themselves as either unemployed, marginally attached, or involuntarily working part-time, this is 9 percent of the labor force in January 2008 (shown at the bottom of Table 1). In March 2001, the beginning of the last recession, this number was only 7.3 percent.

Fifth and finally, coming from Michigan, I have to note that *some parts of the country are clearly in recession,* even if we are still arguing about whether there is a national recession. Michigan's unemployment rate was 7.6 percent at the end of 2007. Seven states had unemployment rates over 6 percent. In these parts of the country, jobs are scarce and unemployment is a clear economic and social problem.

Table 1.—Unemployment Rates in Selected Months

	Unemployment Rate		
	Jan–08	Mar–01	July–90
Part I: Selected Labor Market Groups			
Young Men, ages 16–19	21.8	14.0	15.9
Young Women, ages 16–19	14.2	13.5	14.0
Blacks	9.2	8.3	11.4
Hispanics	6.3	6.2	8.0
Workers w/ Less than High School Diploma[1]	7.7	6.8	N/A
Part 2: Alternative Measures of Labor Utilization			
Official Unemployment Rate	4.9	4.3	5.5
Long-Term Unemployment Rate[2]	0.9	0.5	0.5
Total unemployed + marginally attached workers + employed part-time for economic reasons, as a percent of civilian labor force + marginally attached workers[3]	9.0	7.3	N/A

Source: U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/home.htm

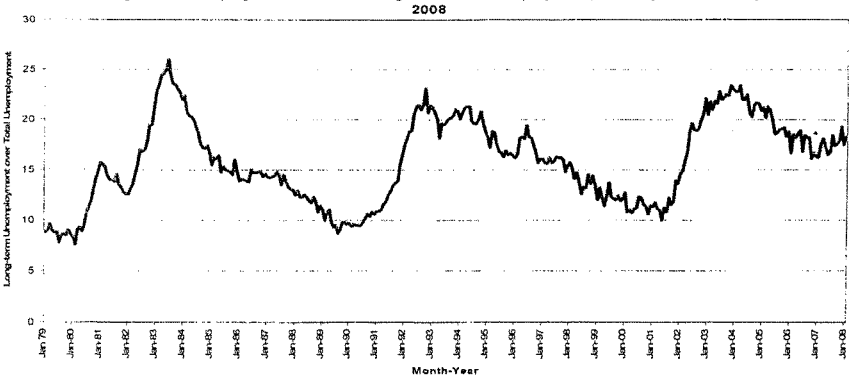
Notes: July 1990 and March 2001 are the beginning months of the last two recessions, according to the the Business Cycle Dating Committee of the National Bureau of Economic Research; January 2008 is the most recent month for which data is available. All reported data are seasonally adjusted.

[1]Ages 25 and older.

[2]Share of labor force that has been unemployed for 27 weeks or more.

[3]Marginally attached workers are persons who currently are neither working nor looking for work but indicate that they want and are available for a job and have looked for work sometime in the recent past. (Discouraged workers, a subset of the marginally attached, have given a job-market related reason for not currently looking for a job.) Persons employed part time for economic reasons are those who want and are available for full-time work but have had to settle for a part-time schedule.

Figure 3.
Long-term Unemployment as a Percentage of Total Unemployment, January 1979-January 2008



Source: U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/home.htm.
Notes: Employment data are seasonally adjusted. Long-term unemployment defined as the number of unemployed workers out of work for 27 weeks or more.

WHY IS THE AGGREGATE UNEMPLOYMENT RATE SO LOW?

This leads back to our starting question: If the labor market problems are so bad, why is the overall unemployment rate so low?

Most important is the *shifting age distribution of the civilian labor force.* As the baby boom generation has aged, the share of workers in older age groups has steadily grown, while the share in younger age groups has fallen. This has the effect of lowering the overall unemployment rate because older workers tend to have lower unemployment rates. Columns 1 through 3 of Table 2 show the unemployment rate by age group in July 1990, March 2001 and January 2008. Columns 4 through 6 show how the share of workers within each age group has shifted over this time period. There is a steady growth in the share of older workers and a decline in the share of younger workers.

It is apparent from Table 2 that *unemployment is higher among every age group of worker in January 2008 compared to March 2001, and higher among most groups compared to July 1990, even though overall unemployment is lower.* This is because the weights across the age groups have shifted.

Table 2.—Unemployment Rate by Age and Labor Force Share in Selected Months

	Unemployment Rate (percent)			Share of Labor Force (percent)		
	Jan–08	Mar–01	July–90	Jan–08	Mar–01	July–90
Ages:						
16–19	18.0	13.4	15.0	4.5	5.6	6.2
20–24	8.7	8.1	8.5	9.8	10.2	11.7
25–34	4.9	4.3	5.6	21.6	22.6	28.5
35–44	3.6	3.4	4.2	22.9	26.2	25.5
45–54	3.4	2.8	3.3	23.4	22.2	16.1
55+	3.2	2.6	3.1	17.8	13.3	11.9
Total Labor Force Share	.....	.....	.....	100.0	100.0	100.0
Aggregate Unemployment Rate	4.9	4.3	5.5	.....	.....	.....
Jan–08 Unemployment weighted by May–01 Labor Force Share	.....	5.1	.....	.....	.....	.....
Jan–08 Unemployment weighted by July–90 Labor Force Share	.....	.....	5.4	.....	.....	.....

Source: U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/home.htm. Labor force shares by age and weighted unemployment rates are author's tabulations from BLS data.

Notes: July 1990 and May 2001 are the beginning months of the last two recessions, according to the the Business Cycle Dating Committee of the National Bureau of Economic Research; January 2008 is the most recent month for which data is available. All reported data are seasonally adjusted.

If you take the age-specific unemployment rates in January 2008 and weight them as if the labor force looked as it did in July 1990, the unemployment rate in 2008 would be 5.4 percent rather than 4.9 percent, very close to the actual unemployment rate of 5.5 percent in July 1990. Similarly, the January 2008 unemployment rate would be 5.1 percent if age groups are weighted by the March 2001 labor force weights, far above the actual March 2001 unemployment rate of 4.3 percent.

In short, the shifting age distribution in the population should change our expectation about what constitutes low versus high unemployment. Because older workers have lower unemployment rates, base unemployment rates have fallen with an aging workforce. Hence, the same unemployment rate in January 2008 signals more problems than it would have in early 1990 or even in early 2001. From the point of view of any worker who compares herself to her age peers, unemployment is worse now than at those earlier moments in time.

There is another effect depressing unemployment rates, and that is the *rising share of younger men in jail or prison.* I suspect most of you saw the report from the Pew Foundation last week noting that 1 out of every 100 adult Americans are now in prison (Pew Center on the States, 2008). Our labor force statistics are based on civilian non-institutionalized persons. Those in prison are not counted. This particularly affects younger men. Of course, the civilian labor force data also excludes those in the Armed Forces, all of whom are employed. This also disproportionately affects younger men.

Rather than working with the civilian noninstitutionalized population, I add Armed Forces personnel and those in jails and prisons to the population numbers and add Armed Forces personnel to the employment numbers. I do this calculation for 2006, the latest year for which all these data are available.

It has hard to calculate an adjusted unemployment rate because we are not sure how many men currently in prison would be actively seeking work. For a back-of-theenvelope calculation, I assume that 80 percent of those in prison would be in the workforce if they were not in prison, and that the unemployment rate among these men would be 25 percent. (This is only slightly higher than the current 21 percent unemployment rate among young men ages 16–19.) Under these circumstances, the 2006 male unemployment rate would rise from its reported level of 4.6 percent to 4.9 percent.

Of course, most of the men in prison or in the Armed Forces are younger. If I assume that all of these men are between the ages of 16 and 34, I can look at the effect on employment-to-population ratios and on the unemployment rate for that group in the population. Taking account of both the Armed Forces and the large number of men in prisons or jails, the 2006 employment-to-population ratio among men ages 16–34 would fall from 72.3 percent to 69.5 percent. Their unemployment rate would rise from its reported 2006 level of 7.2 percent to an estimated 7.8 percent.

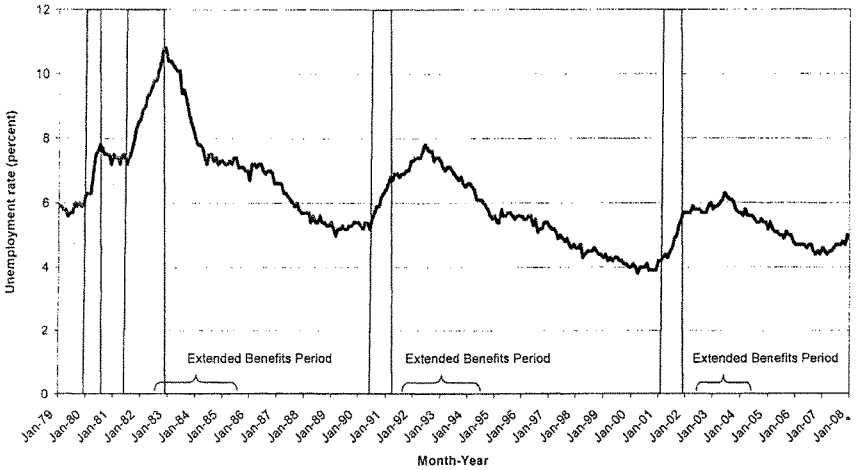
In short, by expanding the prison population, we have removed more and more young men from our labor market count. This reduces aggregate unemployment

rates and raises employment shares, since these are often persons who would have difficulty finding jobs if they were not in prison.

Finally, if we want to understand why unemployment rates look low right now, there is one more very important comment to make: *Unemployment rates and employment changes are lagging indicators of an economic slowdown.* Unemployment rates are typically low at the point a recession begins. They rise during a recession and often peak after a recession has ended. Hence, unemployment rates are NOT a good indicator of whether an economy has entered a recession. Figure 4 plots unemployment rates over the past 25 years. The shaded areas indicate periods of recession. In every recession, unemployment rates are low in the first month, and often peak after the end of a recession.

Because unemployment rises slowly, the political impetus to enact extended benefit legislation often occurs later in a recession, once unemployment rates are higher. Figure 4 indicates that extended benefits have been enacted quite late in past recessions. In fact, in both the early 1990s and the early 2000s, extended benefits were enacted after the official end of the recession (but at a time when unemployment rates were still rising.)

Figure 4.
Unemployment Rate, January 1979 to January 2008
(Shaded areas denote recessions and brackets denote claim periods for extended benefits)



Sources: U.S. Department of Labor, Bureau of Labor Statistics, http://www.bls.gov/home.htm. National Bureau of Economic Research, Business Cycle Dating Committee, "Business Cycle Expansions and Contractions," http://www.nber.org/cycles.html.
Notes: Employment data are seasonally adjusted.

If you believe the U.S. economy is entering a serious economic slowdown, unemployment rates are likely to increase steadily in the months ahead. Should we enact extended benefits now or, as in past recessions, wait for the unemployment rate to rise further? Even adjusting for population shifts, the unemployment rate is still lower than it was when extended benefits were put in place in past years. This might argue for waiting. On the other hand, the unusually high rates of long-term unemployment in the current economy suggest that a growing share of the unemployed who receive unemployment benefits will exhaust them without finding a job. This argues for moving faster. Extended benefits can particularly assist long-term unemployed workers who are having difficulty finding jobs. Certainly waiting until after a recession has ended to enact extended benefits (as we've done in the recent past) makes little sense. Personally, I would recommend enacted extended benefits now, given the high rate of long-term unemployment among the jobless.

That said, I cannot end this discussion without a very important caveat. Unemployment Insurance (UI) is received by a minority of the unemployed and the share receiving UI has been falling in recent years. Only 34 percent of the unemployed received UI at the end of 2007 (U.S. Department of Labor, 2007). For many of the unemployed, extended UI benefits will have little effect on their economic situation. While a recession in the next few months might increase the call for extended benefits, in the longer run, reform of the entire UI program is necessary if you want more unemployed workers to have access to an economic cushion when they lose their jobs.

CONCLUSIONS

Simply comparing unemployment rates in early 2008 with those in past years can be misleading. Our expectations about labor market measures should change over time, as the overall population ages. An aging population typically means lower aggregate unemployment rates because older workers (that is, persons in their 40s and 50s, not persons in their 60s) tend to be more stably employed. (This is also one reason why current labor force participation rates are high.) Hence, while aggregate unemployment rates are low, unemployment among each age group is higher than it was at the beginning of the 2001 recession.

Lower unemployment rates among younger men are also explained by who we count in the labor force. A growing share of younger men who would have been in the labor force in earlier years is in prison in 2008. This also reduces the overall unemployment rate since these men would have had higher unemployment rates if they were not incarcerated.

Only time will tell if an economic slowdown leads unemployment rates to rise rapidly over the next several months. As with the rest of the economy, however, at this point in time there are a number of warning signals in the labor market. The pattern of slower employment growth and rising unemployment rates, seen in Figures 1 and 4, looks a great deal like the beginning-of-recession periods in the recent past. I am particularly struck by the very high share of long-term unemployed and the high number of people who are discouraged or involuntarily employed only part-time. For those who are actively seeking work, the search is likely to be long in the current economic environment.

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PREPARED STATEMENT OF DR. CHRISTINE L. OWENS, EXECUTIVE DIRECTOR, NATIONAL EMPLOYMENT LAW PROJECT, WASHINGTON, DC

Senator Schumer, Congresswoman Maloney and members of the Committee: Thank you for this opportunity to testify today on the subject of unemployment in our struggling economy, and the need for an extension of jobless benefits to help stimulate the economy and serve the growing number of workers who are experiencing especially long durations of unemployment without finding new jobs.

My name is Christine Owens, and I am the Executive Director of the National Employment Law Project (NELP), a non-profit research, public education and advocacy organization that specializes in economic security programs, including unemployment insurance, Trade Adjustment Assistance (TAA) and the workforce development system. Our organization has worked in the states and with Congress to protect the nation's economic security programs against serious attacks in recent years and to promote reforms that deliver on the nation's promise of economic opportunity.

NELP worked with labor and community allies and supporters in Congress to secure an extension of Federal unemployment benefits during the last recession and to win major improvements in the Federal program of benefits provided to the families left jobless by Hurricanes Katrina and Rita. In states across the nation, NELP has been a key player in successful efforts to update states' unemployment insurance programs, to ensure that more workers are eligible to receive benefits during periods of joblessness. NELP also operates a special project in the Midwest, working with state officials and others to help laid-off manufacturing workers better access trade act benefits and related programs. Thus, we have a long-standing interest and expertise in and commitment to policies that serve the working families hardest hit by economic downturns in the U.S. and the fallout from globalization.

Our testimony today summarizes recent evidence of the economy's ongoing decline, and discusses the importance of extending unemployment insurance benefits to boost the economy overall and to provide critical support to the working families

most harshly affected by the downturn. In particular, we focus on long-term unemployment. As we point out in more detail below:

- The official unemployment rate and other measures of labor market underutilization are higher today than at the beginning of the 2001 recession.
- Unemployment claims are rising: As of the week ending February 23rd, the 4-week moving average of claims exceeded 360,000, the highest level since Hurricane Katrina came ashore in 2005.
- The duration of long-term unemployment—that is, unemployment exceeding 6 months—since the last recession is unprecedented. For a period of 32 consecutive weeks beginning in November 2002, more than 20 percent of the unemployed were jobless for at least 6 months.
- The average duration of unemployment—17.5 weeks in January 2008—is much longer now than at the outset of the recessions that began in 2001 (12.6 weeks) and 1990 (11.9 weeks), and the number of workers jobless for at least 6 months is more than twice as large now as in March 2001 and July 1990.

A larger share of jobless workers are exhausting their state unemployment benefits without finding work today (36 percent) than in March 2001 (32 percent) or July 1990 (28 percent).

- Waiting to extend unemployment benefits until the unemployment rate rises more is ill-advised. As recent recessions demonstrate, the unemployment rate does not rise dramatically until a recession is well underway or, in fact, has ended. Since the purpose of extended benefits is to avert a recession or mitigate its consequences for the economy and workers, pegging the extension of benefits to a jump in the unemployment rate is counterproductive.
- Unless Congress and the President act to extend unemployment benefits, an estimated 3 million jobless workers will run out of their state benefits over the coming year, with neither jobs nor Federal benefits to rely on to support themselves and their families.

THE DRUMBEAT OF RECESSION NEWS

The telltale signs of a national recession grow increasingly impossible to ignore with the issuance of nearly each new economic report. What distinguishes the current economic downturn from prior recessions is the combined and continued uncertainty of the fall-out from the sub-prime mortgage collapse, the resulting credit crunch, and the surge in energy prices, none of which show any significant signs of improvement.

- *The Sub-Prime Mortgage Crisis Escalates:* Initial foreclosure notices now surpass new home sales by three to one, with 2.2 million foreclosures filed in 2007 and an estimated 3.5 million expected by 2010. While earlier estimates put the losses associated with the sub-prime crisis at $50 billion to $100 billion, a recent report estimates losses will now exceed $400 billion.[1]
- *Financial Institutions Restrict Credit:* As a result of the exposure due to the sub-prime mortgage crisis, banks and other lenders are now projected to limit their lending and other assets by $2 trillion, thus reducing economic growth by one to 1.5 percentage points.[2]
- *Energy Costs Keep Surging, Raising Consumer Prices:* This week, oil prices reached an all-time high of $104 a barrel, thus surpassing the prior record set during the oil crisis of the 1980's. A gallon of gas cost $3.10 at the end of February, up 32 percent—75 cents—from the same time last year.[3] As a result of the surge in energy prices, consumer prices increased by 4.1 percent in the past year, the largest increase in 17 years. Meanwhile, workers' earnings are down in the past year by 1.4 percent.[4]
- *Service Industry Now Hard Hit, Not Just Manufacturing:* The service sector became the latest casualty of the economic downturn when the index of non-manufacturing business activity fell in recent weeks to its lowest level since October 2001.[5] At the same time, manufacturing continued its devastating slide, shrinking

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[1] "Study Finds Wider Impact of Mortgage Losses," Wall Street Journal (March 1, 2008), A–2.

[2] Id.

[3] For gas prices, see *http://money.cnn.com/2008/02/24/news/economy/gasprices_0224.ap/index.htm.*

[4] "Toxic Economic Mix Feared," *Associated Press* (March 2, 2008)

[5] "Recession Fears Intensify: Service-Sector Index Hits Six-Year Low; Further Rate Cuts Seen as Dow Drops 2.9 percent," *Wall Street Journal* (February 6, 2008).

at the fastest pace in 5 years, according to the Institute for Supply Management's latest factory index.[6]

• *Consumer Confidence Falls to 16–Year Low:* These sobering economic forces, combined with the declining job market described below, pushed consumer confidence down to a 16-year low in February 2008.[7] Consumer spending, which represents more than two-thirds of the Gross Domestic Product (GDP), has been flat as incomes grow more slowly because of the declining job market.[8]

While economists continue to debate the ultimate breadth and depth of the national economic downturn, large numbers of states are already in serious economic distress. According to economist Mark Zandi of Moody's Economy.com, five states with large economies, including California, are now in recession, and these states account for one-fourth of the nation's Gross Domestic Project. Another 15 states are on the verge of recession, accounting for another quarter of the nation's GDP.[9]

RISING UNEMPLOYMENT COMPOUNDED BY SLOW JOB GROWTH

Working families are bracing for more hard times amid troubling signs that layoffs will rise at the same time the nation's economy is failing to create an adequate supply of jobs for all those who want to work.

Remarkably Slow Job Growth: For the first time in four and a half years, the economy lost jobs in January 2008. While this represented a significant benchmark of economic distress, the fact is that job growth has been remarkably anemic since the last recession ended in November 2001. Indeed, after the 2001 recession, it took 46 months for employment to recover to pre-recession levels, compared with 31 months after the 1990s recession's end. Prior to the 1990s, on average, jobs returned to pre-recession levels after just 21 months.[10] Thus, compared to prior recessions, it is much harder for unemployed workers to find work in today's "lean" economy, while they are competing for more limited job openings.[11] According to the Department of Labor's most recent *JOLTS* report, job openings, new hires and separations from employment were all down at the end of 2007, compared to December 2006.[12]

Higher Unemployment Rates Today Than At Outset of Last Recession: The official unemployment rate in January 2008 was higher (at 4.9 percent) than in March 2001 (4.3 percent), when the last recession began. In January 2008, 7.6 million workers were officially unemployed, an increase of more than half a million in the past year. The number of "discouraged" workers grew to 467,000 in January 2008, the highest number in two and half years. Meanwhile, the number of individuals working part-time for economic reasons—that is, they cannot get fulltime hours—reached its highest level in four and half years, with 4.77 million such workers in January 2008. Taking into account all these workers, the true unemployment rate in January 2008 was 9.0 percent, up significantly from 8.3 percent just 1 year earlier and up even more sharply from the 7.3 percent rate that prevailed at the beginning of the 2001 recession.

Recent Surge in Unemployment Claims: Finally, unemployment claims have reached their highest levels since Hurricane Katrina, reinforcing the point that layoffs have already taken a major toll on the nation's workforce. For the week ending February 23rd, unemployment claims averaged over the prior 4 weeks rose to more than 360,000, the highest number since October 15, 2005. In addition, the total number of workers collecting unemployment benefits increased to 2.78 million (averaged over the prior 4 weeks), which exceeds the number who were collecting unemployment benefits when the last recession began 7 years ago this month.

THE NEW REALITIES OF LONG-TERM UNEMPLOYMENT

As the above data reflect, the overall picture of jobs and joblessness in today's economy is bleak for America's working families, and points to the need for extended unemployment benefits to boost economic growth. Further underscoring the need for

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[6] "U.S. Economy: Manufacturing, Construction Spending Decline," *Bloomberg News* (March 3, 2008).

[7] Reuters/University of Michigan Surveys of Consumers.

[8] "U.S. Michigan Consumer Index Falls to 16 Year Low," *Bloomberg News* (February 29, 2008).

[9] Zandi, "Washington Throws the Economy a Rope" (January 22, 2008) (available on-line at *http://www.economy.com/home/article_ds.asp?cid=102598*).

[10] Stettner, Allegretto, "The Rising Stakes of Job Loss: Stubborn Long-Term Unemployment Amid Falling Unemployment Rates" (National Employment Law Project/Economic Policy Institute, 2004).

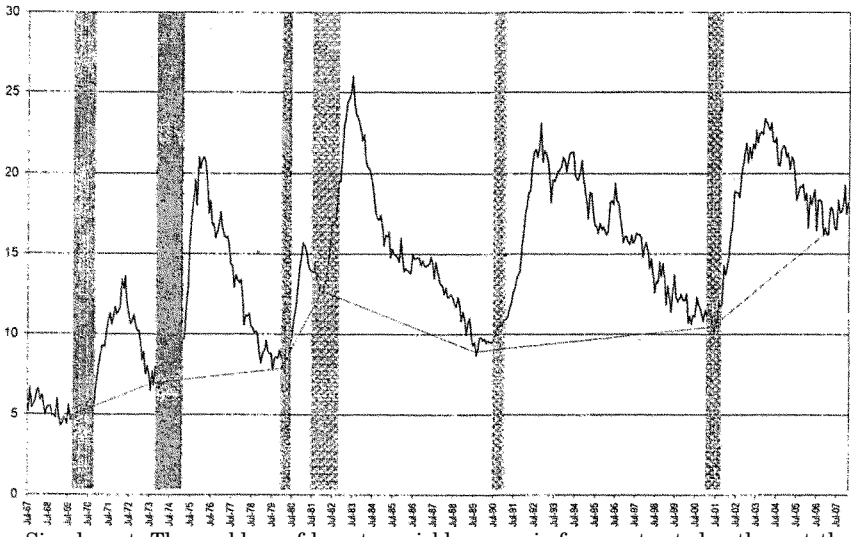
[11] "Is a Lean Economy Turning Mean: Why It's Now Harder to Find a Job," *New York Times* (March 2, 2008).

[12] U.S. Department of Labor Bureau of Labor Statistics, "Job Openings and Labor Turnover: December 2007," available online at *http://www.bls.gov/newsw.release/pdf/jolts.pdf.*

a Federal extension of jobless benefits, *a record percentage of unemployed workers today remain jobless after actively looking for work for more than 6 months.* Hailing from all walks of life, these jobless workers are struggling on limited income in a punishing economy to maintain their housing in the midst of the worst foreclosure crisis since the Great Depression and to pay skyrocketing costs for basic necessities, like food and gas.

Long-term Joblessness: No Comparison to Prior Recessions: High rates of long-term unemployment have persisted longer since the recession that ended in November 2001 than was the case with respect to the two preceding recessions, which ended in March 1991 and November 1982, respectively. In November 2002, 1 year after the most recent recession's end, the share of jobless workers unemployed for 6 months or longer (the "rate" of long-term unemployment) surpassed 20 percent, and it remained at or above that level for a record 32-month stretch. In contrast, the rate of long-term unemployment after the early 1990s recession exceeded 20 percent for a total of only 23 months, with the longest continuous stretch at the 20 percent or higher rate lasting 11 months. And the long-term unemployment rate exceeded 20 percent after the early 1980s recession for only 18 months. Moreover, while the rate of long-term joblessness returned to 10–to–11 percent of the unemployed after the past two recessions, it has remained above 16 percent since the recession of 2001 and is now again on the rise.

High Rates of Long-Term Unemployment Lasting Longer



Simply put: The problem of long-term joblessness is far greater today than at the beginning of our most recent past recessions. Additional measures underscore the greater severity of the problem:

• In March 2001, when the last recession began, the average worker was unemployed for 12.6 weeks before finding new work. And at the beginning of the preceding recession in July 1990, the average duration of unemployment was 11.9 weeks. *In sharp contrast, the average duration of unemployment in January 2008 was 17.5 weeks.*

I• n January 2008, almost 1.4 million workers remained unemployed after actively looking for work for more than 6 months, up from 1.1 million just 1 year earlier, in January 2007. The January 2008 figure is more than twice the number who were long-term unemployed in both March 2001 (696,000) and in July 1990 (688,000).

• In January 2008, the long-term unemployed accounted for 18.3 percent of all jobless workers, compared to 11.1 percent in March 2001. In July 1990, 11.9 percent of the unemployed were long-term jobless, and the proportion did not reach today's rate until 21 months later (in March 1992).

The Diverse Profile of the Long-Term Jobless: The ranks of unemployed workers who are looking for jobs for longer periods of time are not limited to any particular demographic group, although certain groups of workers are over-represented in this

category relative to their representation among the unemployed generally. As set out in Table 1 below, men account for 57 percent of the long-term unemployed, compared to 54 percent of all unemployed. While workers 45 and older make up 27 percent of all the nation's unemployed, they represent 37 percent of the long-term jobless. Nearly two-thirds of the long-term unemployed are white, but African-Americans are over-represented in the category (28 percent) compared to their share of the unemployed generally (21 percent).

Perhaps not surprisingly given the continued loss of well-paying manufacturing jobs to trade and globalization, manufacturing workers are also somewhat over-represented among the long-term unemployed relative to their share of all unemployed workers (12 percent of the long-term unemployed compared with 10 percent of all the unemployed). However, workers employed in other sectors are significantly represented among the long-term unemployed as well, especially including those who worked in professional and business services (12 percent), wholesale and retail trade (15 percent), and educational and health services (12 percent).

Table 1: Demographic Characteristics of the Long-Term Jobless (2006 - 2007)

	Characteristics of All Unemployed	Characteristics of the Long-Term Unemployed
Gender		
Female	46%	43%
Male	54%	57%
Race*		
Black	21%	28%
Hispanic	16%	13%
Other	3%	4%
White	72%	65%
Age		
16 - 24	33%	23%
25-44	40%	41%
45 and over	27%	37%
Education		
Less than High School	26%	23%
High School Graduate	35%	37%
Some College	25%	24%
Bachelor's Degree or More	14%	16%
Industry**		
Construction	11%	9%
Manufacturing	10%	12%
Wholesale and retail trade	15%	15%
Financial activities	4%	5%
Professional and business services	12%	12%
Educational and health services	12%	12%
Leisure and hospitality	13%	12%

** Due to overlap in the Hispanic, Black, and White categories, the total exceeds 100 percent.*
*** The total for industries listed is less than 100 percent because those four categories with statistically insignificant numbers were omitted.*
Source: U.S. Bureau of Labor Statistics (monthly data totaled for 2006-2007).

THE BENEFIT ECONOMIC IMPACT OF JOBLESS BENEFITS

Unemployment benefits provide one of the most effective means available to Federal policymakers to immediately stimulate the economy and help prevent or forestall a more serious recession. In fact, a major study of past recessions found that each dollar of unemployment insurance benefits boosts the nation's GDP by $2.15, and that at their peak, UI benefits saved an average of 130,000 jobs on an annual

basis.[13] Unemployment benefits are targeted directly to those communities hardest hit by downturns; they flow with virtually no delay to affected workers; and because these workers, in turn, must spend their benefits to support themselves and their families, the money is quickly recycled through the economy.

As economist Mark Zandi notes, unemployment benefits sustain consumer confidence and consumer spending, which is the backbone of today's economy. "The benefit of extending unemployment insurance goes beyond simply providing financial aid for the jobless, to more broadly shoring up household confidence. Nothing is more psychologically debilitating, even to those still employed, than watching unemployed friends and relatives lose benefits."[14] Mr. Zandi posits that part of the serious slump in consumer confidence following the 1991 recession was due to the initial refusal of the first President Bush to immediately extend jobless benefits.[15]

In addition to bolstering consumer confidence and sustaining consumer spending, extending unemployment benefits would have a potentially salutary impact on the home foreclosure crisis widely viewed as the trigger for today's economic downturn. Families of jobless workers spend more of their unemployment benefits to cover the costs of their mortgages and rent than for any other household item. According to a state survey, 41 percent of expenditures paid for with unemployment benefits were applied to housing costs. After housing, unemployment benefits were spent primarily on transportation (14 percent), food (13 percent), loans (12 percent) and health care (6 percent).[16] Another national study found that unemployment benefits reduced the chances that a worker will be forced to sell the family home by almost one-half.[17] In addition, unemployment benefits sustain families during hard times by substantially reducing the likelihood that they will fall into poverty and helping them make the challenging transition to quality jobs with health care and other benefits.[18]

CURRENT FEDERAL EXTENDED BENEFITS POLICY FAILS THE UNEMPLOYED

With an economy that has produced record rates of long-term unemployment, the need for an effective and reliable permanent program of extended unemployment benefits is more crucial than ever. What we have, instead, is a Federal system of extended unemployment benefits that is far from reliable or effective, thus creating the necessity for a temporary extension of benefits.

The permanent Federal program of "Extended Benefits" (EB) is so outdated in how it measures unemployment that no state now qualifies for the program, not even Michigan, which has had an unemployment rate exceeding 7 percent since August 2006. During the last recession, only six states qualified for EB, and during the recessions of the 1990s, only 10 states qualified for the program. In addition to the flawed "trigger" formula, the EB program requires the states to pay for 50 percent of the benefits, thus putting serious pressure on state unemployment trust funds at the very moment the demand is greatest to pay state benefits.

Because the EB program is so flawed, Congress has enacted a temporary extension of Federal jobless benefits during the past five recessions. In 2002, Congress extended jobless benefits by 13 weeks for all states, while providing an extra 13 weeks of Federal support to certain states with unemployment rates that exceeded 6.5 percent.[19] The extension that recently failed by one vote in the Senate (Eco-

[13] Chimerine, et al. "Unemployment Insurance as an Economic Stabilizer: Evidence of Effectiveness Over Three Decades," U.S. Department of Labor, Unemployment Insurance Occasional Paper 99–8 (1999).

[14] Zandi, "Washington Throws the Economy a Rope" (January 22, 2008).

[15] According to Mr. Zandi, "The slump in consumer confidence in late 1991, after the 1990–91 recession, may well have been due in part to the first Bush administration's initial opposition to extending UI benefits for hundreds of thousands of workers. The administration ultimately acceded and benefits were extended, but only after confidence had waned. The fledging recovery sputtered and the political damage extended through the 1992 Presidential election." Id.

[16] State of Washington, Employment Security Department, Claimant Expenditure Survey, 2005 (January 2006)

[17] Gruber, "Unemployment Insurance, Consumption Smoothing, and Private Insurance: Evidence from the PSID and CEX," Advisory Council on Unemployment Compensation Background Papers, Vol. I (1995), at page 20.

[18] Stettner, Emsellem, "Unemployment Insurance is Vital to Workers, Employers and the Struggling Economy" (National Employment Law Project: December 5, 2002). Boushey, Wenger, "Finding the Better Fit: Receiving Unemployment Insurance Increases Likelihood of Re-Employment with Health Insurance" (Economic Policy Institute: April 14, 2005).

[19] The TEUC the program was limited to states with unemployment rates above 6.5 percent, plus the state had to have experienced a significant increase of unemployment in either of the past 2 years. As a result, while 14 states qualified for the full 26 weeks of TEUC benefits, they did so only for a few months before they "triggered off" the program because their unemployment

Continued

nomic Stimulus Act of 2008) was nearly identical to the March 2002 TEUC program. In contrast, prior Federal extensions (including the 1991 and 1975 extension programs) were more generous, providing 20 to 26 weeks of extended benefits for all states, with extra weeks of benefits often available to states with especially high levels of joblessness.

Responding more effectively to the new realities of long-term unemployment, legislation is pending in both the Senate and the House to extend jobless benefits beyond the limited 13 weeks provided during the last recession. Senator Edward Kennedy recently introduced the Emergency Unemployment Compensation Extension Act of 2008 (S. 2544), which provides 20 weeks of extended benefits to workers in all states, plus an extra 13 weeks for states with unemployment levels exceeding 6.0 percent (averaged over 3 months). In addition, because the unemployment benefits provided by most states are so limited (averaging only $285 per week), the bill provides an extra $50 a week in Federal extended benefits to help families cope with the rising costs of fuel, food and other basic necessities.

In the House of Representatives, Congressman James McDermott has introduced a bill to extend Federal jobless benefits (H.R. 4934), providing 26 weeks of extended unemployment benefits for all states, as well as a $50 supplement in weekly unemployment benefits. In contrast to the Senate bill, the McDermott measure does not provide extra weeks of benefits for high unemployment states. Both the House and Senate bills significantly improve upon the TEUC program enacted in 2002 by accounting for the increase in long-term unemployment and the rising costs of fuel and other basic necessities.

EXTENDING JOBLESS BENEFITS NOW WILL HELP MORE THAN THREE MILLION WORKERS WHO WILL EXHAUST THEIR STATE BENEFITS THIS YEAR, WITHOUT FINDING NEW JOBS

If Congress and the White House do not promptly extend jobless benefits, an estimated three million workers will run out of their state unemployment benefits this year and will have neither new jobs nor extended benefits to help support them and their families. (Table 2). As it becomes more difficult to find work during the year, the numbers are expected to grow significantly. During the 6 months from January to June 2008, a projected 1.3 million workers will exhaust their state unemployment benefits, and that number will likely increase to as many as 1.7 million workers from July to December 2008.[20]

Corresponding to the rise in long-term unemployment, today's jobless workers are more likely to exhaust their state unemployment benefits than in immediate past recessions. Based on an analysis of the latest available data (3rd Quarter 2007), 36 percent of all jobless workers collecting state unemployment compensation exhaust their 26 weeks of benefits without finding jobs. That compares with 32 percent in March 2001, when the last recession began, and 28 percent in July 1990, when the preceding recession began. As indicated earlier, more people are now collecting unemployment benefits (2.8 million), the highest level since Hurricane Katrina, and they, too, will be exhausting their benefits in the coming months.

The problem is especially severe in some of the nation's most populous states hit hard by the foreclosure crisis, which has had the cascading effect of generating layoffs in construction and financial services, and in public sector jobs affected by the fall-off in state revenues. In California, for example, the unemployment rate has increased nearly a full percentage point in the past year alone; it now stands at 5.9 percent, with more than a million unemployed workers. During this period, 433,000 workers exhausted their state unemployment benefits (up about 30,000 from the past year), and another 2.4 million workers applied for new benefits (up more than 200,000 in the past year). In Florida, also hit hard by the housing crisis, the unemployment rate has increased almost a percentage point in the past year (to 4.5 percent in December 2008), 136,000 workers have exhausted their state unemployment benefits (up 35,000), and more than 645,000 workers applied for new benefits (up 150,000 in the past year).

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rate did not continue to rise as required by the 2002 Federal law. National Employment Law Project, "Nation's Highest Unemployment States Face Major Cuts in Unemployment Benefits Due to Flawed Extension Program," (November 4, 2003).

[20] The January to June 2008 estimate in Table 3 takes into account the number of people who were paid unemployment benefits from July to December 2007, multiplied by the latest reported state "exhaustion" rate (3rd Quarter 2007). The estimates for July to December 2008 assume a 26 percent increase in unemployment insurance recipients—the same rate of increase experienced during the 2001 recession—multiplied by the latest reported state "exhaustion" rate (3rd Quarter 2007).

RESPONDING TO THE ARGUMENT THAT UNEMPLOYMENT BENEFITS DISCOURAGE THE JOBLESS FROM LOOKING FOR WORK

It is important to respond to the questionable argument made by some that jobless benefits should not be extended because they discourage the unemployed from looking for work. The reality is that the effect of unemployment benefits on the time spent unemployed is generally overstated, especially during recessions when the competition for jobs is most intense; and critics also ignore how jobless benefits contribute to improving the quality of jobs the unemployed eventually secure.

First, with regard to the research, the extent of the impact of unemployment benefits on the duration of unemployment is a subject of significant debate. While some researchers have found that a 13-week extension of benefits is associated with a 2-week increase in the duration of unemployment,[21] others have recently concluded that the outcome varies significantly depending on the study design.[22] Still other studies have concluded that increases in the length of time workers are unemployed while on benefits is more a function of factors like an increase in manufacturing layoffs, not more generous unemployment benefits.[23]

Second, and perhaps most important, the argument conspicuously fails to account for the favorable impact on the quality of jobs that unemployed workers are able to secure with the help of their unemployment benefits. As described by leading UI authorities assembled by the U.S. Department of Labor, a primary objective of the program is to allow workers "the time needed to locate or regain employment that takes full advantage of [their] skills and experience."[24] Research conclusively shows that those collecting unemployment benefits receive more in pay and better benefits in replacement jobs, including health care, which is of special significance in today's economy.[25]

Finally, consider the fact that unemployment benefits only average $285 a week. Given these limited benefits, it is simply unfair and unreasonable to conclude that a typical unemployed worker, faced with seeking employment during a recession while also having to pay for the rising costs of housing, food, gas and home heating, would find the benefits themselves sufficient to reduce the aggressiveness of the job search. Indeed, a national poll of unemployed workers conducted during the last recession found that they applied for an average of 29 jobs a month, which is certainly an active and intensive effort to find work.[26]

In fact, during periods of recession, it is especially unconvincing to argue that extra benefits will negatively influence the work search of large numbers of workers. As former Federal Reserve Chairman Alan Greenspan argued in testimony before this Committee in 2002, "[W]hen you get into a period where jobs are failing, then the arguments that people make about creating incentives not to work are no longer valid and hence, I have always urged that in periods like this, the economic restraints on the unemployment insurance system almost surely ought to be eased to recognize the fact that people are unemployed because they couldn't be a job, not because they don't feel like working."[27]

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[21] Woodbury, Rubin, "The Duration of Benefits" (in Unemployment Insurance in the United States: Analysis of Policy Issues: Upjohn Institute for Employment Research, 1997).

[22] Card, Chetty, Weber, "The Spike at Benefit Exhaustion: Leaving the Unemployment System or Starting a New Job?" (National Bureau of Economic Research: February 2007), at page 5 ("With respect to behavior at point of exhaustion, some (but not all) of the studies using survey data to measure job starts find evidence of a spike in the re-employment hazard, while most (but not all) of the studies using administrative data on job starts finds a relatively smooth hazard. Overall, the literature suggests that spikes in the exit rate around benefit exhaustion are generally smaller when duration is measured as time to next job rather than time unemployed.")

[23] Needles, Nicholson, "Any Analysis of Unemployment Insurance Durations Since the 1990–1992 Recession (Mathematica Policy Research, Inc., March 1999), at pages 6–7 ("The aggregate analysis concludes that changes in weekly benefit amounts or in average potential duration at the state level cannot explain the increase in average UI duration relative to historical patterns.")

[24] Unemployment Insurance in the United States: The First Half Century (1993), at page 47 (quoting the U.S. Department of Labor, Committee on Unemployment Insurance Objectives, 1969)

[25] See footnote 18.

[26] Peter D. Hart Research Associates, "Unemployed in America" (poll commissioned by the National Employment Law Project, April 2003).

[27] Testimony of Chairman Greenspan, quoted in "Senate Proposal to Add Unemployment Insurance Benefits Improves Effectiveness of Stimulus Bill (Center on Budget and Policy Priorities, January 231, 2008).

THE OFFICIAL UNEMPLOYMENT RATE SHOULD NOT BE DECISIVE WITH RESPECT TO EXTENDING BENEFITS, AND WAITING FOR FURTHER INCREASES IN THE UNEMPLOYMENT RATE WILL HELP NEITHER THE ECONOMY NOR THE LONG-TERM UNEMPLOYED

Treasury Secretary Henry Paulson, the administration's chief economic spokesman, parted ways with leading national economists when he opposed an extension of jobless benefits to help stimulate the economy. According to Mr. Paulson, "with unemployment at 4.9 percent, to extend unemployment benefits would be unprecedented."[28] Subsequent statements by the President and others in his administration echo Mr. Paulson's views.

The administration's reliance on the national unemployment rate to refuse to extend jobless benefits is misplaced. First, this rationale fails to take into account the stark new realities of slow job growth and greater long-term unemployment, neither of which is adequately captured by the overall unemployment rate—and both of which are powerful reasons to extend unemployment benefits.

Second, the administration's argument ignores the new reality of the unemployment rate illustrated by the past two recessions, where the unemployment rate has lagged farther and farther behind in relation to the economic recovery. Thus, the unemployment rate does not increase substantially until the economy is already well into a recession. Excluding the last two cycles, since 1948 it took, on average, 1.6 months into an economic recovery for unemployment rates to peak.[29] In contrast, following the 1990–91 recession, it took 15 months for unemployment to peak. The lag was even longer for the 2001 recession, when it took the unemployment rate 19 months before it peaked. And the role of extended benefits is to stimulate the economy, thus forestalling or helping to minimize a recession. Waiting, as the administration proposes, to extend unemployment benefits *until* after unemployment has risen sharply—signally a recession is well underway or has ended—is akin to closing the door after the horse has left the proverbial barn.

For example, consider the experience of the last several recessions, when Congress and the President did not extend benefits until 12 to 16 months *after* the recessions began, thus failing to take advantage at the front end of the opportunity to avert or minimize the downturn. Indeed, in the case of the last extension, Congress waited until March 2002, 4 months after the recession ended to enact extended benefits. By that time, the unemployment rate had reached 5.7 percent, the number of workers exhausting unemployment benefits had increased from 192,000 (at the beginning of the recession) to 372,000 a month, and a total of 3.5 million long-term jobless workers had been left without any additional jobless benefits to support their families. When the recession began, the unemployment rate was 4.3 percent. January's 4.9 percent unemployment rate is thus well above the rate when the last recession began, and a larger number of workers (200,000 to 260,000 workers) are already exhausting their benefits every month.

The Administration's rationale also abandons the 20 states that economist Mark Zandi says are either already experiencing a recession or on the verge of doing so. These states' economies are the casualties of the sub-prime mortgage crisis, the continued loss of manufacturing jobs, and other forces beyond their control. Some of the states have especially high unemployment rates, but others do not, again reflecting the inadequacy of unemployment rates as measures of economic distress and the inappropriateness of relying upon them to determine when to implement a program of extended benefits after a downturn has begun.

Most importantly, what is more critical than the level of unemployment today is that the unemployment level has increased. The unemployment rate is a function of many factors, including labor force participation and the structure of the economy. However, whenever the unemployment level increases substantially, it is clearly going to be far harder for workers to find work before their regular unemployment benefits run out because of increasing competition for jobs. And the increase in unemployment that has already occurred foreshadows worse times to come. The level of unemployment increased by 13 percent from December 2006 to December 2007, and there has never been an occasion in the last 50 years when such a large annual jump did not precede a longer recession.[30] There is ample evidence that searching for work today is hard and will get worse—providing clear support for an extension of benefits.

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[28] Official Urges Senate to Pass Stimulus Plan, Bloomberg News (February 6, 2008).

[29] The Rising Stakes of Job Loss, at page 3.

[30] Jobs Data Pass Threshold Where Recessions Dwell, New York Times (January 19, 2008).

MODERNIZE THE UNEMPLOYMENT INSURANCE PROGRAM

In addition to extending jobless benefits, Congress should address the serious gaps in the unemployment insurance program that deny benefits to thousands of hard-working families, especially low-wage and part-time workers.

Today, only 36 percent of unemployed workers collect unemployment benefits, due mostly to outdated state eligibility rules. According to a recent study by the U.S. Government Accountability Office, low-wage workers are now twice as likely to become unemployed as higher wage earners, but they are one-third as likely to receive unemployment benefits.[31] More than a decade ago, a bi-partisan Congressionally chartered commission recommended state and Federal reforms to address these concerns.[32]

Incorporating many of the Federal commission's recommendations and the model state reforms already adopted by half the states, the House of Representatives recently passed legislation providing incentive grants for states to modernize their unemployment insurance programs (H.R. 3920, Title IV). A similar measure, the Unemployment Insurance Modernization Act (S. 1981), has strong bi-partisan support in the Senate. If enacted into law and embraced by the states, an estimated 500,000 low-wage and part-time workers will qualify for unemployment benefits under the modernized state programs.[33] The legislation is paid for from the Federal unemployment trust funds by extending an unemployment surtax that has been in place for over 30 years. If swiftly passed, the legislation will go a long way to modernize the unemployment program and help stabilize the economy.

CONCLUSION

The nation's economy is in downturn and may well already be in recession. Job growth has slowed, and unemployment, while hovering still at around 5 percent, is higher now than at the beginning of the two most recent past recessions. In crucial respects, the labor market has *not* rebounded from the last recession. Job growth overall has been lackluster, at the same time long-term unemployment has been tenacious. Enacting a program of extended unemployment insurance benefits now would quickly move resources to working families that need them and will spend them, helping to stimulate demand, boost consumer confidence, and avert a more serious downturn. Failing to act now means that over the next year, three million jobless workers will run out of state unemployment benefits without finding new jobs or having a program of extended Federal benefits to fall back on, to support themselves, their families and the nation's economy.

Table 2: Estimated Number of Workers Who Will Exhaust State Jobless Benefits in 2008

State	Estimated number of workers who will exhaust State benefits (January to June 2008)	Estimated number of workers who will exhaust State benefits (July to December 2008)	Total
Alabama	12,510	17,533	30,043
Alaska	6,913	9,775	16,688
Arizona	18,846	20,713	39,559
Arkansas	16,505	17,918	34,423
California	218,496	285,756	504,252
Colorado	12,996	19,165	32,161
Connecticut	17,250	27, 301	44,551
Delaware	3,776	4,927	8,703
DC	4,769	5,357	10,126
Florida	86,092	85,941	172,033
Georgia	39,826	45,644	85,470
Hawaii	2,654	3,122	5,776
Idaho	5,151	7,561	12,712
Illinois	57,093	84,209	141,302
Indiana	33,598	51,380	84,978

[31] U.S. Government Accountability Office, Unemployment Insurance: Receipt of Benefits Has Declined, With Continued Disparities for Low-Wage and Part-Time Workers (September 18, 2007).

[32] Advisory Council on Unemployment Compensation, Collected Findings and Recommendations: 1994–1996 (1996).

[33] National Employment Law Project, "The New Congress Proposes $7 Billion in Incentive Payments for the State to Modernize the Unemployment Insurance Program," (July 25, 2007).

Table 2: Estimated Number of Workers Who Will Exhaust State Jobless Benefits in 2008—Continued

State	Estimated number of workers who will exhaust State benefits (January to June 2008)	Estimated number of workers who will exhaust State benefits (July to December 2008)	Total
Iowa	8,736	15,518	24,254
Kansas	7,754	12,324	20,078
Kentucky	11,458	15,603	27,061
Louisiana	11,140	13,171	24,311
Maine	4,019	7,565	11,584
Maryland	15,848	20,972	36,820
Massachusetts	34,275	52,821	87,096
DMichigan	72,136	95,207	167,343
Minnesota	19,237	34,468	53,705
Mississippi	7,819	10,592	18,411
Missouri	17,727	29,927	47,654
Montana	2,996	4,653	7,649
Nebraska	6,009	10,046	16,055
Nevada	15,645	16,188	31,833
New Hampshire	1,848	2,982	4,830
New Jersey	66,415	89,617	156,032
New Mexico	6,142	8,274	14,416
New York	84,866	107,493	192,359
North Carolina	48,245	64,853	113,098
North Dakota	1,562	2,945	4,507
Ohio	35,320	54,049	89,369
Oklahoma	7,515	10,479	17,994
Oregon	20,695	26,094	46,789
Pennsylvania	58,976	94,434	153,410
Rhode Island	7,038	10,748	17,786
South Carolina	21,960	26,591	48,551
South Dakota	304	672	976
Tennessee	22,037	33,386	55,423
Texas	49,104	68,018	117,122
Utah	4,029	4,882	8,911
Vermont	1,763	3,000	4,763
Virginia	17,076	25,242	42,318
Washington	18,253	21,648	39,901
West Virginia	4,179	7,274	11,453
Wisconsin	32,401	47,8D0	80,201
Wyoming	1,147	1,932	3,079
Total	1,282,149	1,737,770	3,019,919

Source: Estimates prepared by the National Employment Law Project (NELP) based on U S. Department of Labor Employment and Training Administration data.

PREPARED STATEMENT OF DR. LOWELL GALLAWAY, DISTINGUISHED PROFESSOR OF ECONOMICS, OHIO UNIVERSITY AND RICHARD K. VEDDER, DISTINGUISHED PROFESSOR OF ECONOMICS, OHIO UNIVERSITY

Our message today is quite straightforward, namely, that it would be very unwise to return to an activist short-run contra-cyclical macroeconomic policy. A more detailed argument for this position is provided in a set of extended remarks that we ask to have incorporated in the hearing record.

For now, we will provide a summary description of the behavior of the American unemployment rate beginning with 1948. For this purpose, we call your attention to the graphic appended to this statement. It describes the 10-year average unemployment rate for six decades, beginning with 1948–1957 and concluding with 1998–2007. In the initial decade, unemployment averaged 4.3 percent, while the most recent period shows an average unemployment rate of 4.9 percent. Thus, there is only a modest difference between the early and late years.

Far more interesting, though, is what happened in the intervening decades. Over the period 1958–1967, the average unemployment rate increased to 5.3 percent. In the years starting with 1968 and concluding with 1977, it increased to an average

of 5.7 percent. Next, in the interval 1978–1987, it further increased to an average of 7.4 percent.

These three decades span a period in which the basic philosophy of policymakers was an activist one. Perhaps the quintessential statement of the attitudes of the time was provided by John Kenneth Galbraith, in 1982 testimony before this committee, when he remarked as follows:

"Persistent in the belief of the present administration is the notion that economic recovery and improving unemployment are an autonomous tendency of the system . . . (T)here is . . . no such autonomous tendency. Recovery is not the work of kindly gods with a special commitment to the free enterprise system. It is, alas, the affirmative accomplishment of man—and woman."

In the years that followed, disenchantment with the activist approach became widespread and, in the years 1988–1997, the average unemployment rate fell to 6.0 percent, presaging a further decline to the most recent decade's 4.9 percent.

Obviously, we are implying that the recent declines in the 10-year average of unemployment rates are a product of a turning away from an activist policy approach. Is this, perhaps, too simplistic? We think not. Our view is based on the extended remarks that we have asked to be included in the hearing record. Specifically, we refer you to a technical appendix to those remarks which consists of extracts from an article published in a refereed academic journal. This article concludes, among other things, that:

(1) Cycles in the unemployment rate are the result of shocks in the labor market that produce discoordination;

(2) These shocks are random, in a statistical sense, and, therefore, cannot be successfully forecast;

(3) About forty percent of the effects of the random shocks are eliminated by an endogenous correction mechanism;

(4) Assuming that economic policymakers recognized the shocks immediately and were able to exactly compensate for them, the result would be a less stable labor market and higher average unemployment rates;

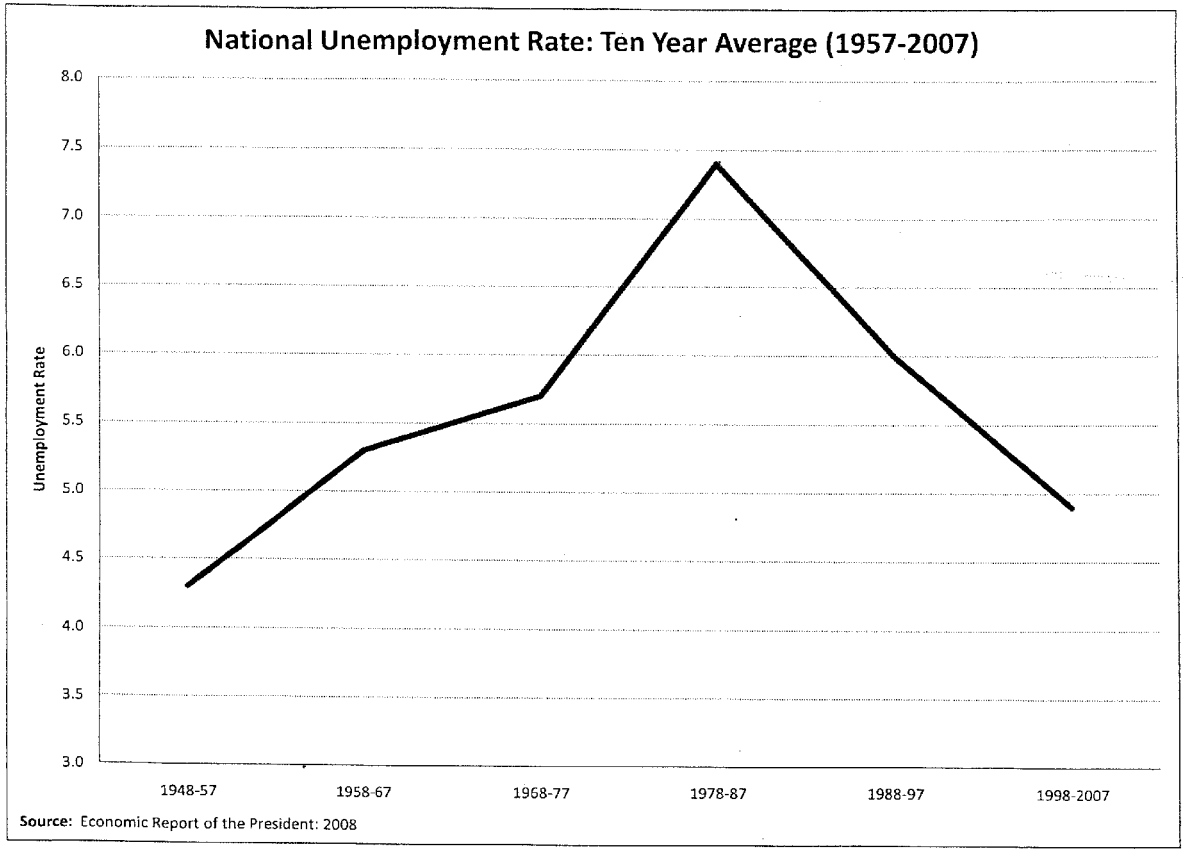
(5) Therefore, short-term macroeconomic contra-cyclical policy is counter-productive.

Based on these premises, we find it disturbing that there is much talk of a return to a philosophy that deliberately accepts higher inflation in an attempt to stimulate the economy. This is the language of the late 1950's and the 1960's, which ultimately led to eleven consecutive years of increase in the 10-year moving average of the unemployment rate. In the last 100 years, this is surpassed only by the thirteen year run-up of the average unemployment rate that embraces the Great Depression of the 1930's.

Contrast that with what happened when we turned away from emphasizing short-run contra-cyclical policy in the early 1980s. We have just now (in 2007) concluded the twenty-third consecutive year of decline in the 10-year moving average of the unemployment rate. That is almost twice the length of the second-longest period of decline, twelve years, which accompanied the recovery from the Great Depression and World War II.

To conclude our testimony, we offer two bits of advice to the formulators of national policy. First, do not repeat the errors of the past. Second, do not destroy the good that has emerged in the last quarter century in a futile pursuit of an unattainable perfection. We thank you.

LOWELL GALLAWAY
RICHARD VEDDER
Ohio University Athens, Ohio


National Unemployment Rate: Ten Year Average (1957-2007)
Unemployment Rate
8.0
7.5
7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5
3.0
1948-57
1958-67
1968-77
1978-87
1988-97
1998-2007
Source: Economic Report of the President: 2008

A BRIEF HISTORY OF UNEMPLOYMENT IN POST-WORLD WAR II AMERICA

Lowell Gallaway and Richard Vedder

As World War II moved toward its conclusion, there emerged a widespread consensus that substantial unemployment would be the order of the day after the war. One review of various forecasts confirms that many economists believed that a severe recession, or even depression, was on the horizon.[1] That view also was held by most Federal officials. As one of the nation's foremost experts on business cycles put it, "In the summer of 1945 the belief was fairly widely held in Washington that unemployment would be a serious problem in the winter of 1945–1946 and a strong deflationary trend was predicted."[2]

In part. The forecast of a depression could be traced to the secular stagnation argument propounded by Alvin Hansen in his 1938 Presidential Address before the American Economic Association.[3] In that speech, he argued that the investment boom which had stimulated American economic growth had stalled after the closing of the frontier and with the advent of a slower rate of population growth.

It also reflected a more short-term concern associated with the prospect of a decline in Federal Government expenditures. The thought of a rapid reduction in government military spending was a nightmare for some, including Hansen, who wrote, in 1943, "when the war ends, the government cannot just disband the army, close down munitions factrories, stop building ships, and remove all economic controls."[4]

Politicians took the dire predictions of economists seriously. President Truman, speaking to the Congress a few days after the Japanese surrender, said of re-conversion: "Obviously, during the process there will be a great deal of inevitable unemployment."[5] Business groups agreed with the President. Just a few days earlier, the prestigious Committee for Economic Development, representing twenty-nine hundred business practitioners and headed by prominent industrialist Paul G. Hoffman, Chairman of the Studebaker corporation, called for Federal aid to assist the newly created jobless to move to areas where jobs were created.

Truman's choice of the adjective *inevitable* was an unfortunate one. In the first nine quarters following the formal end of the war, the unemployment rate never exceeded 4.1 percent and averaged 3.9 percent. This burst of prosperity was explained, after the fact, by some of the very same economists who had forecast hard times, as being the result of *pent-up consumer demand.* However, the empirical evidence does not support this thesis.[6] Rather, government decisions to do exactly what Hansen proclaimed it could not do freed markets to establish a new set of relative prices that largely were devoid of the distortions that had characterized the Great Depression.

There was still a nagging concern about unemployment. Many people anxiously were waiting for a severe economic downturn that would signal a return to Great Depression levels of activity. It never came. To be sure, there were a series of brief recessions in 1949, 1954, 1958, and 1961. Yet the average unemployment rate for the years 1948–1957 was only 4.3 percent.

By now, though, that old gadfly, Alvin Hansen, was back at work, ignoring his having been consistently wrong over the previous twenty years. He was bothered by those nagging recessionary episodes and he was quite willing to provide a new round of advice. While admitting that things had not gone too badly thus far in the post-World War II era, he admonished policymakers that America could do much better if it would put aside its fears of general price inflation. All we would need to do to increase the level of economic activity and reduce unemployment would be to introduce an additional amount of inflationary pressure in the economy.[7] Hansen's policy prescription acquired greater validity in the wake of Paul Samuelson's and Robert Solow's notorious Phillips Curve paper presented in 1959.[8] It argued that there was a stable tradeoff between inflation and the unemployment rate.

The notion of a stable Phillips Curve suggested the existence of a fixed menu of choices from which policymakers could choose. The fly in the ointment, however, was that Phillips Curve stability required the presence of a permanent money illusion on the part of workers. This proved not to be the case and, as we moved through the 1960's and into the 1970's, higher and higher rates of price inflation were required to hold the unemployment rate in check. By the late 1970's, the Phillips Curve concept was so discredited that, in the 1976 amendments to the Employment Act of 1946, language was inserted that one of the co-authors of the legislation, Congressman Augustus Hawkins, would later, somewhat fatuously, assert made the practice of *tradeoff economics* illegal. Meanwhile. The 10-year moving average of the unemployment rate, after bottoming out at 4.6 percent in 1973, began what would be an eleven year steady ascent to almost 7.7 percent in 1984, despite double digit rates of price inflation circa 1980. See Chart A for details.

To provide some insight into the state of economic thinking at the end of the decade of the 1970s we offer some remarks from the preface to the proceedings of a conference held in March 1980. The conference was held by that venerable body, the American Assembly, with the sponsorship of the Annenberg School of Communication's Center for the Study of the American Experience, under the title, Economic Issues and the President: 1980 and Beyond. The preface contains the following assessment:[9]

"When the United States entered the decade of the seventies, political leaders were divided in their views about the most effective measures to pursue in the management of the American economy . . . but they all had one thing in common: the conviction . . . that the American economy was manageable.

"As we enter the decade of the eighties, more and more Americans are beginning to question whether our economy is manageable. Some observers have suggested that our economy is "over the hill" and that we must either undertake fundamental changes to our whole system or else face the prospect of becoming a second-rate nation, watching others take over the primacy of world economic leadership."

Two sets of comments from this time illustrate the state of American thinking. First, there is President Jimmy Carter's remarks in the 1980 *Economic Report of the President*[10]

"I have therefore been forced to conclude that reaching the goals of a 4 percent unemployment rate and 3 percent inflation rate by 1983 is no longer practicable.

"Reducing inflation from the 10 percent expected in 1980 to 3 percent in 1983 would be an . . . unrealistic expectation. Recent experience indicates that the momentum of inflation built up over the past 15 years is extremely strong. A practical goal for reducing inflation should take this into account.

"Because of these economic realities, I have used the authority provided to me in the Humphrey-Hawkins Act to extend the timetable for achieving a 4 percent unemployment rate and a 3 percent inflation. The target year for achieving 4 percent unemployment is 1985, a 2-year deferment. The target year for lowering inflation to 3 percent has been postponed until 3 years after that (1988)."

Carter's stance suggests an attitude that perceives that there is something intractable about the inflation rate. This is consistent with the thinking of certain major economists. In particular, Otto Eckstein, an eminence in the area of economic forecasting and the founder of Data Resources Incorporated, formalized the notion of inflation being a structural problem by formulating the notion of core inflation.[11] He estimated core inflation to be quite high and thought that to achieve an unemployment rate of 5 percent would require an inflation rate of 10 percent. He despaired of economic management's being able to deal with the problem of inflation in any satisfactory way, remarking that:

"In summary, the fiscal and monetary policies which the government employs to manage aggregate-demand must create a constructive environment in which inflation can be improved, but they cannot, "by themselves," solve the problem. Aggressive demand management, aiming at unemployment rates averaging 6 percent or less every year, makes it impossible to have any other policy succeed The inflation will simply become worse and worse—until the public despairs and forces politicians to adopt price controls."

History was unkind to Otto Eckstein. His words were written for the American Assembly conference in March, 1980. Roughly a year-and-a-half later, in the fourth quarter of 1981, the rate of price inflation suddenly slowed, falling to levels that, according to his estimates of core inflation, were not attainable in the American economy. The trend continued through the first quarter of 1982. In these 6 months, the average rate of price inflation fell from the 1 percent a month that had been common since the beginning of 1979 to one-quarter of 1 percent per month. There was a brief resurgence of inflation in late Spring (may and June), but, even so, from mid-1981 through mid-1982, the rate of price inflation (measured by the consumer price index) declined to 6.2 percent, some 40 percent less than the 10.3 percent increase between mid-1980 and mid–1981. After the brief surge in inflation in the spring, the lower level of price inflation reasserted itself. In the last 6 months of 1982, the monthly average for the rate of price inflation returned to a quarter of 1 percent per month. History was also unkind to Jimmy Carter. From mid–1982 to mid–1983, the inflation rate was 3.2 percent, almost the 3 percent that he had announced couldn't be attained until at least 1988.

Other victims of this historical quirk were Walter Heller, Chairman of the Council of Economic Advisors during the Kennedy years, and Nobel Laureate Paul Samuel-

son. Heller's fall from grace relates to the massive income-tax reduction that had been enacted in 1981. When such a tax cut was first proposed in 1978, by Representative Jack Kemp and Senator William Roth, Heller offered the following evaluation: [12]

"A $114 billion tax cut in 3 years would simply overwhelm our existing productive capacity with a tidal wave of increased demand and sweep away all hopes of . . . containing inflation."

One can ask, legitimately, why the Reagan tax cuts of 1981 did not produce greater inflationary pressure. As to Paul Samuelson, his pessimism was almost unbounded as the country moved into the eighties. He remarked: [13]

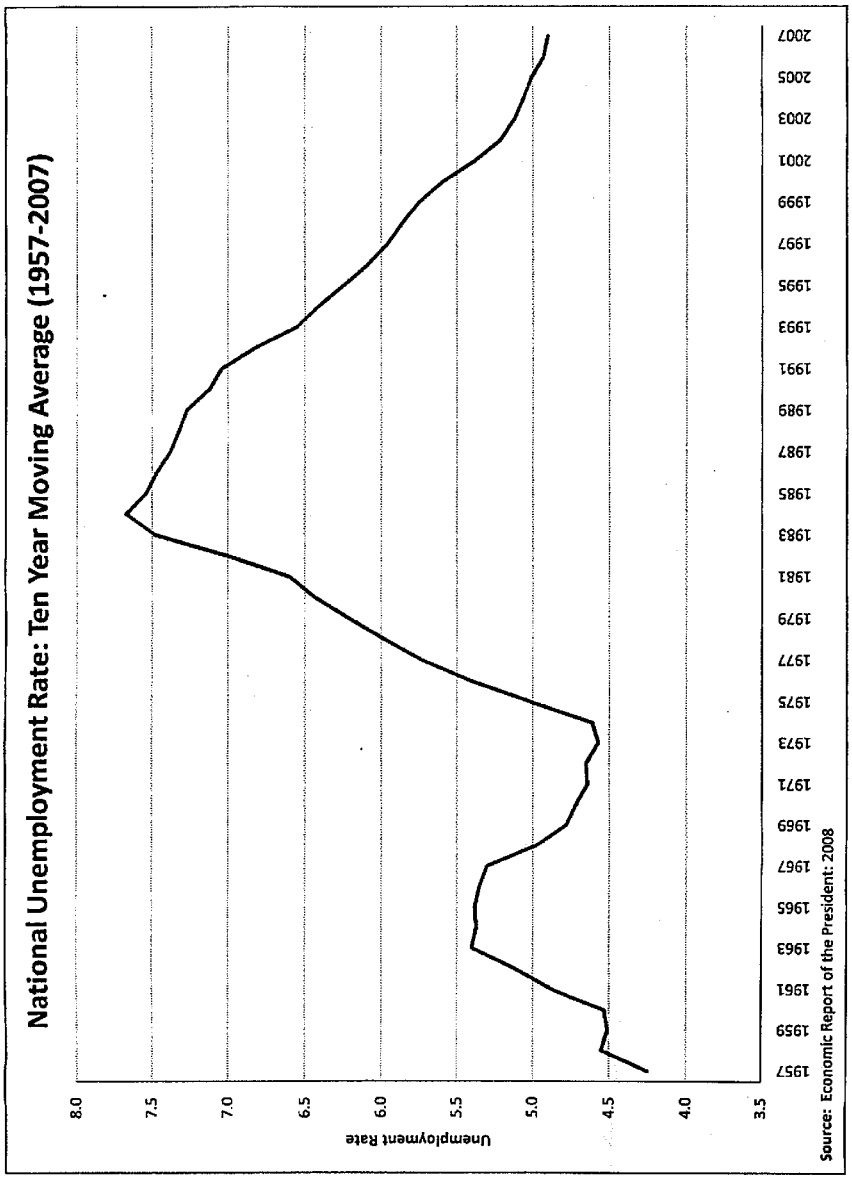
"A basic fact about present day Americans is our scaled down expectations. This seems a rational rather than pathological reaction to what have been the realities of the 1970s."

Add to that the almost grim forecast for the eighties he provided in his December 15, 1980 column in *Newsweek* magazine. What he saw was average levels of unemployment in excess of 8 percent, average rates of price inflation of more than 9 percent with frequent excursions into the double-digit range, and, perhaps, an average growth rate in gross national product of 2 percent a year.

There was a downside to this unanticipated disinflation in the American economy. It was such a surprise that money wage rates were now rising quite a bit more rapidly that prices. This squeezed the profitability of businesses and led to a significant surge in unemployment. In September, 1982, the unemployment rate reached the double-digit level for the first time since the Great Depression. In the fourth quarter of 1982, the unemployment rate averaged 10.6 percent. Pessimism reigned. But, the unemployment rate began to fall in January 1983. Still, the annual average unemployment rate for 1982 was 9.7 percent and, for 1983, 9.6 percent. These rather high unemployment rates caused the 10-year moving average of the unemployment rate to rise through 1984. At that point, it began to drop and has fallen in every year since to reach its 2007 level of 4.9 percent.

Over the twenty-three consecutive year decline in the 10-year moving average unemployment rate, there have been two rather mild business cycles, one in the early 1990s and another in the early years of the first decade of this century. Also, the economic philosophy of the era has been much less activist from the standpoint of short run contra-cyclical economic policy. We believe this accounts for the sustained decline in the longer run (ten year) average unemployment rate. This is consistent with the conclusions we reached in a technical paper published several years ago. In that paper, we demonstrated that short-run attempts at engaging in contra-cyclical macroeconomic policy will be counter-productive in the sense that it will produce a less stable economy with a higher average unemployment rate. For anyone who may be interested in the particulars of this argument, the paper is reproduced in Appendix A.

This brings us to the current economic situation. We begin by noting that, recently, there has been substantial rhetoric that is quite reminiscent of Alvin Hansen as he spoke in the late 1950's urging policymakers to become more tolerant of some additional amount of price inflation. This is the language that ultimately took the United States economy down the path toward what became known as *stagflation.* We should not follow that path again. Much that is good has happened in the last quarter century. Let us not cast it away in a futile pursuit of some unattainable perfection. Let us not repeat the errors of the past.


National Unemployment Rate: Ten Year Moving Average (1957-2007)
Unemployment Rate
8.0
7.5
7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5
1957
1959
1961
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1995
1997
1999
2001
2003
2005
2007
Source: Economic Report of the President: 2008

Chart A

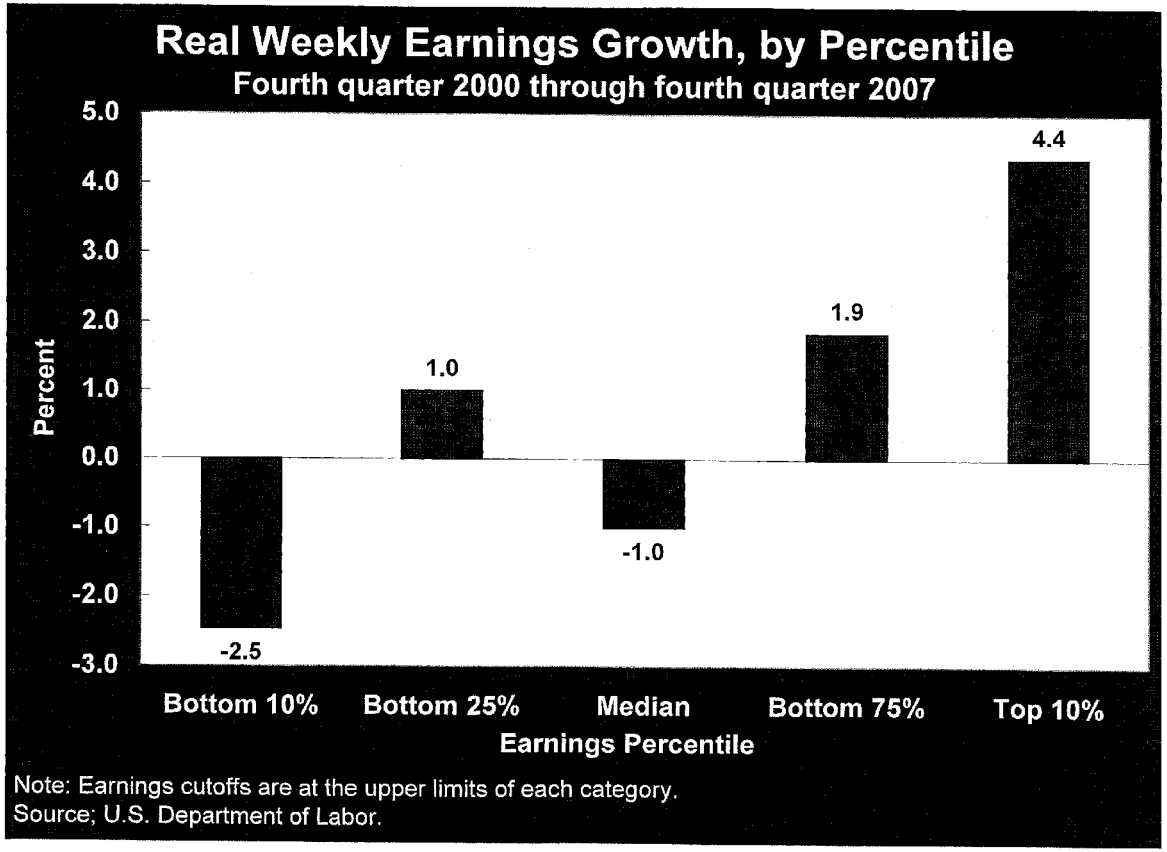
END NOTES

*This discussion is based largely on our book *Out of Work: Unemployment and Government in Twentieth Century America,* Updated Edition (New York: New York University Press, 1997).

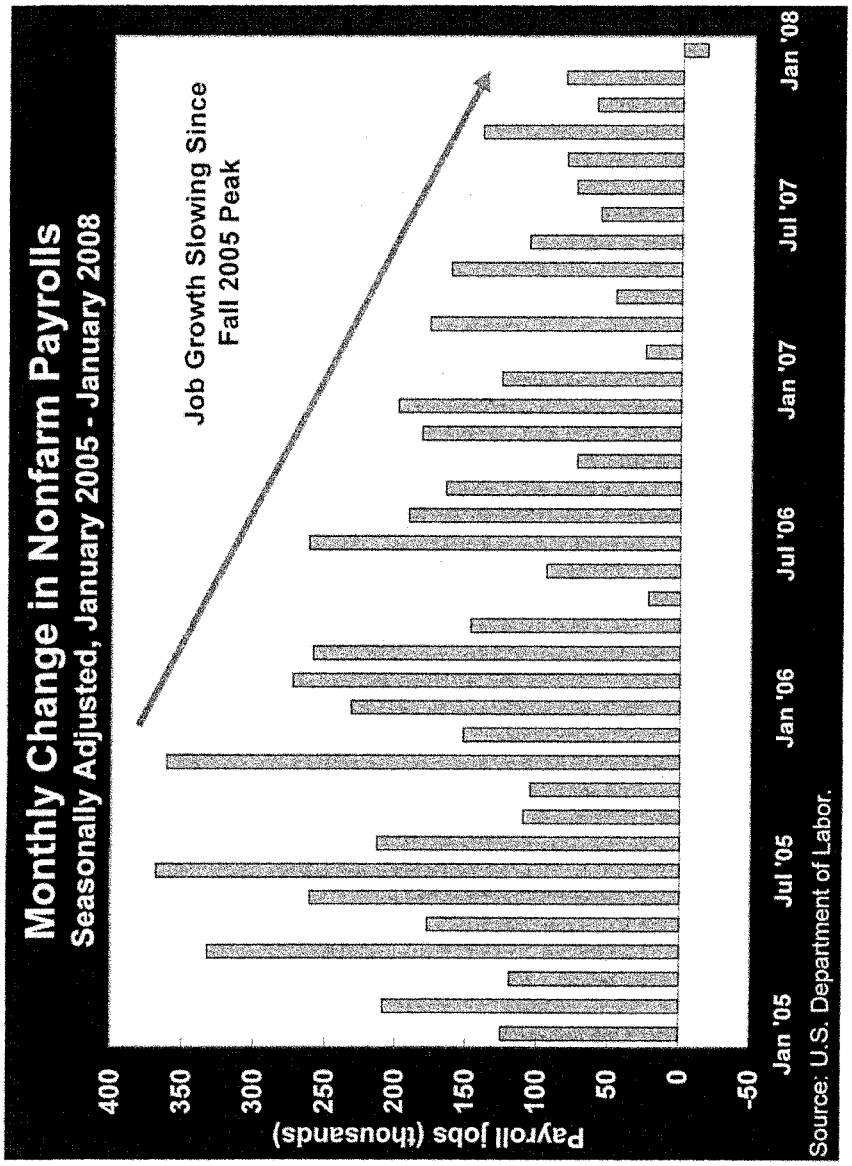
1. Michael Sapir, "Review of Economic Forecasts for the Transition Period," National Bureau of Economic Research, *Studies in Income and Wealth* 11 (1949), pp. 275–351.
2. Robert A. Gordon, *Business Fluctuations,* 2nd ed. (New York: Harper and Row, 1961), p. 454.
3. Alvin Hansen, "Economic Progress and Declining Population Growth," *American Economic Review* 29 (1939), pp. 1–15.
4. Alvin Hansen, *After the War, Full Employment* (Washington, D.C.: United States National Resources Planning Boars, 1943), p. 5.
5. Reported in *New York Times,* September 7, 1945, p. 16.
6. See our *Out of Work, op. cit.,* pp. 163–167.
7. Alvin Hansen, "The Case for High Pressure Economics," reprinted in *The Battle Against Unemployment,* Arthur Okun, ed. (New York: W. W. Norton, 1965), pp. 53–64.
8. Paul A. Samuelson and Robert M. Solow, "Analytical Aspects of Anti-Inflation Policy," *American Economic Review* 50 (1960), pp. 177–194.
9. The published proceedings bear a slightly different name than the conference itself, namely, *The Economy and the President: 1980 and Beyond* (Englewood Cliffs, N. J.: Prentice-Hall, 1980), p. 9.
10. *Economic Report of the President,* 1980 (Washington, D. C.: U.S. Government Printing Office, 1980), pp. 9–10.
11. Otto Eckstein, "Choices for the Eighties," in *The Economy and to President, op. cit.,* p. 76.
12 Walter Heller, "The Kemp-Roth-Laffer Free Lunch, *Wall Street Journal,* July 12, 1978, p. 20.
13. Paul A. Samuelson, "Outlook for the '80s," *Newsweek,* December 15, 1980, p. 88.

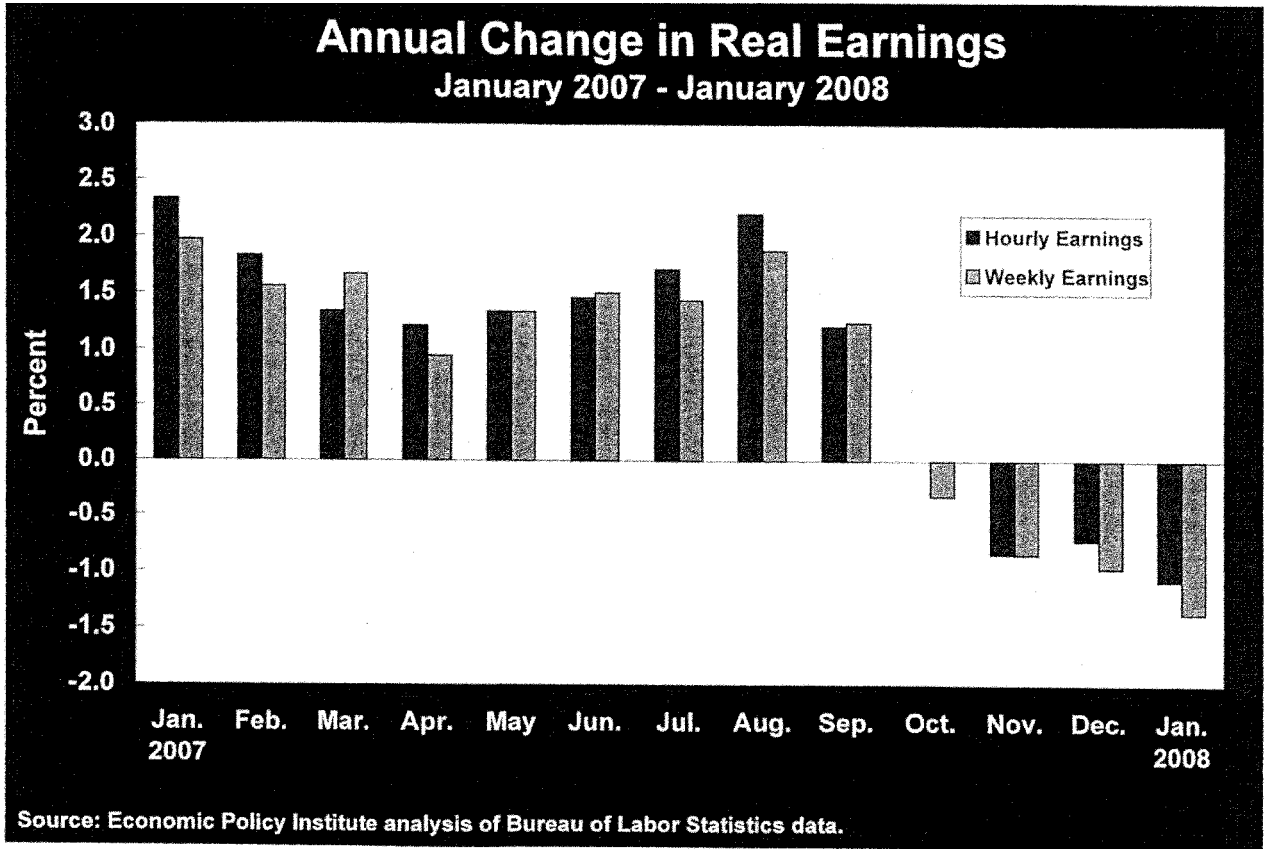
APPENDIX A

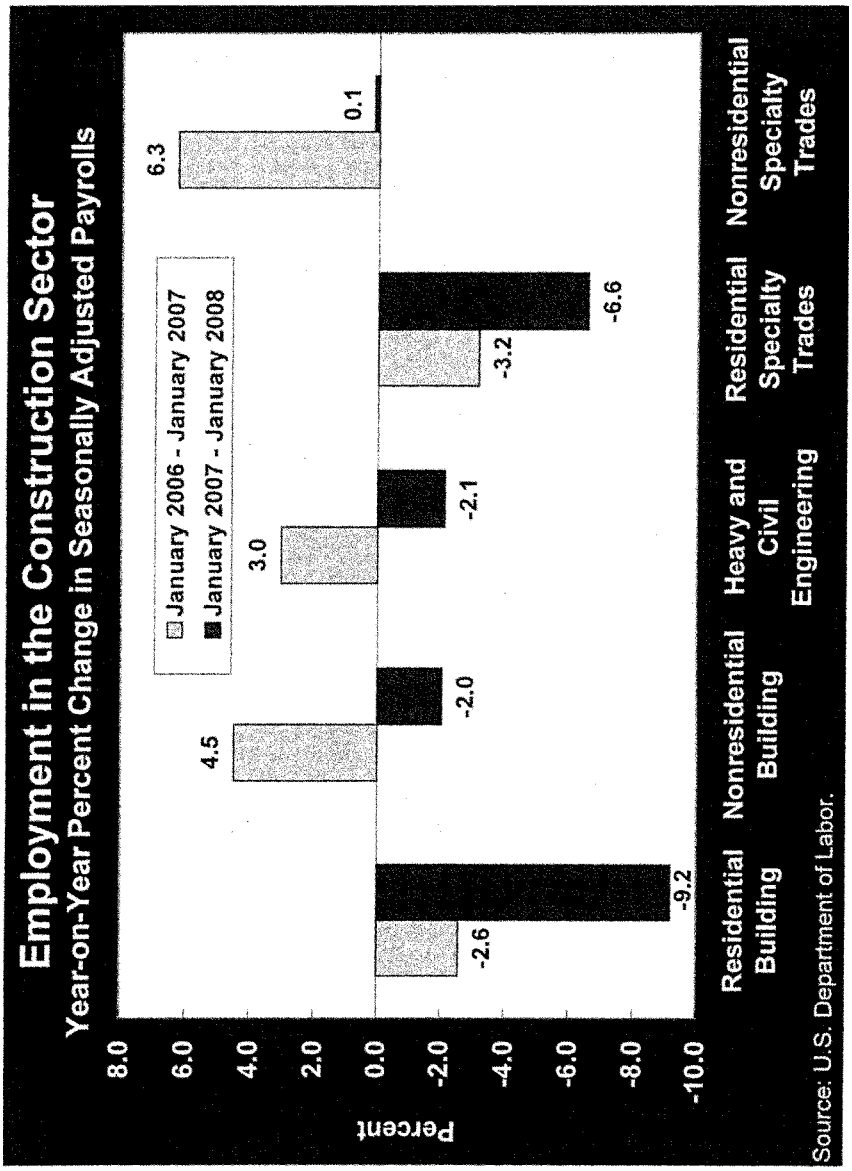
"The Fraud of Macroeconomic Stabilization Policy."
The Quarterly Journal of Austrian Economics
Volume 3, No. 3 (Fall, 2000), pp. 19–33
Lowell Gallaway and Richard Vedder

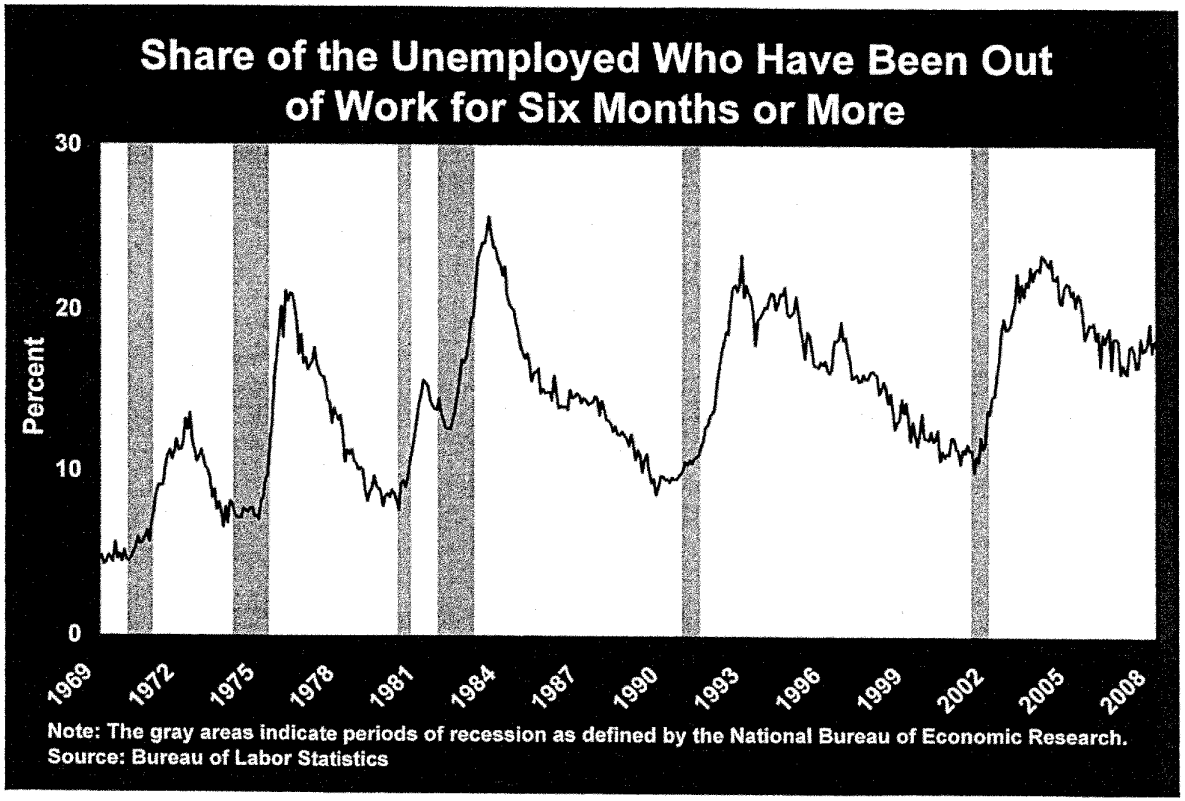


Note: Earnings cutoffs are at the upper limits of each category.
Source; U.S. Department of Labor.


Monthly Change in Nonfarm Payrolls
Seasonally Adjusted, January 2005 - January 2008
Job Growth Slowing Since
Fall 2005 Peak
Payroll jobs (thousands)
400
350
300
250
200
150
100
50
0
-50
Jan '05
Jul '05
Jan '06
Jul '06
Jan '07
Jul '07
Jan '08
Source: U.S. Department of Labor.


Annual Change in Real Earnings
January 2007 - January 2008
Percent
3.0
2.5
2.0
1.5
1.0
0.5
0.0
-0.5
-1.0
-1.5
-2.0
Hourly Earnings
Weekly Earnings
Jan. 2007
Feb.
Mar.
Apr.
May
Jun.
Jul.
Aug.
Sep.
Oct.
Nov.
Dec.
Jan. 2008
Source: Economic Policy Institute analysis of Bureau of Labor Statistics data.


Employment in the Construction Sector
Year-on-Year Percent Change in Seasonally Adjusted Payrolls
Percent
8.0
6.0
4.0
2.0
0.0
-2.0
-4.0
-6.0
-8.0
-10.0
January 2006 - January 2007
January 2007 - January 2008
-2.6
-9.2
4.5
-2.0
3.0
-2.1
-3.2
-6.6
6.3
0.1
Residential Building
Nonresidential Building
Heavy and Civil Engineering
Residential Specialty Trades
Nonresidential Specialty Trades
Source: U.S. Department of Labor.


Share of the Unemployed Who Have Been Out of Work for Six Months or More
Percent
30
20
10
0
1969
1972
1975
1978
1981
1984
1987
1990
1993
1996
1999
2002
2005
2008
Note: The gray areas indicate periods of recession as defined by the National Bureau of Economic Research.
Source: Bureau of Labor Statistics