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Statement of

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Commissioner
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before the

Joint Economic Committee

UNITED STATES CONGRESS

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Mr. Chairman and Members of the Committee:

Thank you for this opportunity to discuss the March labor market data we released this morning.

Nonfarm payroll employment continued to trend down in March, and the unemployment rate rose from 4.8 to 5.1 percent. Payroll employment edged down by 80,000 over the month, bringing the decline over the last 3 months to 232,000. To put these recent changes into context, I would note that labor market conditions started to weaken more than a year ago. Average monthly job growth slowed from 175,000 in 2006 to 107,000 in the first half of 2007, to 76,000 in the last half of 2007, and to -77,000 for the first quarter of this year. The unemployment rate remained at or near 4.5 percent during the first half of

2007 but rose to 4.7 percent in the third quarter, 4.8 percent in the fourth quarter, and 4.9 percent in the first quarter of this year.

Returning to the payroll employment figures for March, job losses occurred in construction, manufacturing, and employment services. Job growth continued in health care, food services, and mining.

The construction industry lost 51,000 jobs over the month, with declines concentrated in residential and nonresidential specialty trade contracting. Since its peak in September 2006, construction employment has fallen by 394,000.

Manufacturing employment decreased by 48,000 in March. Motor vehicle manufacturing employment was down by 24,000; this decline largely reflected the impact of a strike at an automotive parts maker. The resulting parts shortage triggered plant shutdowns and idled workers at non-striking motor vehicle factories. Elsewhere in manufacturing, there were job declines in several construction-related industries--wood products, furniture, and nonmetallic minerals. Both manufacturing hours and overtime were up by one-tenth of an hour.

In the service-providing sector, employment services shed 42,000 jobs in March. This industry group includes temporary help services. Over the past 12 months, employment services has lost 158,000 jobs, three-fourths of which were in temporary

help. Professional and technical services employment was little changed for the third consecutive month, compared with average monthly job gains of 27,000 in 2007.

Elsewhere in the service-providing sector, employment growth continued in health care and in food services; each industry added 23,000 jobs in March. In the goods-producing sector, mining employment rose by 6,000 due to gains in oil and gas extraction and related support activities.

Average hourly earnings for production and nonsupervisory workers in the private sector rose by 5 cents in March and have increased by 3.6 percent over the past 12 months. From February 2007 to February 2008, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose by 4.5 percent.

Turning to labor market data from the survey of households, the number of unemployed and the unemployment rate both rose over the month. The jobless rate was 5.1 percent in March, up from 4.8 percent in February and from 4.4 percent in March of last year. Over the month, the number of unemployed persons grew by 434,000 to 7.8 million. The number of unemployed persons who were job losers continued to trend up. Job losers represented 54 percent of all unemployed persons in March, up from 48 percent 12 months earlier. (Other groups of unemployed persons include those entering the labor market for the first time, those re-entering after an absence, and those who

voluntarily leave jobs.) About 1.3 million unemployed individuals had been searching for work for 27 weeks or more, little changed from a year earlier.

The number of persons in the labor force increased in March, reversing a decline in the prior month. The labor force participation rate has been at or near 66.0 percent since last spring. In March, 62.6 percent of the population was employed, down from a recent peak of 63.4 percent at the end of 2006. The number of persons working part time who prefer full-time employment showed little change over the month but has risen by 629,000 over the past 12 months.

In summary, payroll employment continued to trend down in March, and job losses have totaled 232,000 for the first 3 months of the year. The unemployment rate rose to 5.1 percent.

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