Statement of

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before the
Joint Economic Committee
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Mr. Chairman and Members of the Committee:

Thank you for the opportunity to discuss the employment and unemployment data we released this morning.

Job losses continued in September, and the unemployment rate continued to trend up, reaching 9.8 percent. Nonfarm payroll employment fell by 263,000 over the month, and losses have averaged 307,000 per month since May. Payroll employment has fallen for 21 consecutive months, with declines totaling 7.2 million. In September, notable job losses occurred in construction, manufacturing, government, and retail trade.

Construction employment decreased by 64,000 in September. Job losses averaged 66,000 per month from May through September, compared with an average of 117,000 per month from November 2008 through April.

Employment in manufacturing declined by 51,000 in September. Job losses in factories averaged 53,000 per month over the past 3 months, about one-third the average monthly decline from October through June.

In September, retail trade employment fell by 39,000. The industry has lost an average of 29,000 jobs per month since April, down from an average loss of 68,000 for the prior 6-month period. Employment in government decreased by 53,000 in September. Much of the decline was in local government.

Employment continued to increase in health care (19,000). The average monthly job gain thus far in 2009 is 22,000, compared with an average monthly gain of 30,000 during 2008.

Average hourly earnings of production and nonsupervisory workers in the private sector were up by one cent in September to $18.67. This followed a gain of 7 cents in August. Over the past 12 months, average hourly earnings have risen by 2.5 percent. From August 2008 to August 2009, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) declined by 1.9 percent.

Turning now to some measures from our household survey, the unemployment rate continued to trend up in September. The jobless rate

has doubled since the start of the recession to 9.8 percent. A total of 15.1 million persons were unemployed in September, twice the number at the start of the recession.

    The number of long-term unemployed rose to 5.4 million in September. This group has grown more than four-fold since the start of the recession.

    In September, the employment-population ratio continued to decline. At 58.8 percent, the ratio has fallen by 3.9 percentage points since the recession began and is at its lowest level since January 1984.

    Among the employed, there were 9.2 million persons working part time in September who would have preferred full-time work.
While the number of such workers has been little changed since March, it has nearly doubled since the start of the recession.

    In keeping with standard practice, we are announcing the preliminary estimate for the next benchmark revision to payroll employment. The benchmark process annually revises the payroll survey¿s sample-based employment estimates to incorporate universe employment counts derived primarily from unemployment insurance tax reports.

    Preliminary tabulations indicate that the estimate of total nonfarm payroll employment for March 2009 will require a downward revision of approximately 824,000, or six-tenths of one percent.
The historical average for the benchmark revision over the prior 10 years has been plus or minus two-tenths of one percent. Most of the additional job loss occurred in the first quarter of 2009, when payroll employment was declining most steeply, and appears to be due in part to an increase in the number of business closings.

    The final benchmark revision will be incorporated into the payroll survey with the publication of January data on February 5, 2010. Historical data series will be revised at that time.

    In summary, the labor market remained weak in September. Payroll employment fell, and the unemployment rate continued to trend up.

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