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Statement of

Lois Orr  
Acting Commissioner  
Bureau of Labor Statistics

before the

Joint Economic Committee

UNITED STATES CONGRESS

Friday, December 7, 2001

Chairman and Members of the Committee:

appreciate the opportunity to comment on the labor market data we released this morning

The job market continued to deteriorate in November. unemployment rate rose three-tenths of a percentage point to 5.7 percent, following a jump of half a percentage point in October. Payroll employment fell by 331,000 in November in the wake of deep job cuts totaling 468,000 (as revised) in October. Job losses were widespread again in November, although the largest declines continued to be concentrated in manufacturing and help supply services

Since its recent peak in March, total nonfarm employment has fallen by 1.2 million. I would note that the March peak in payroll employment coincides with the onset of the recession, as recently announced by the National Bureau of Economic Research

In terms of the sheer number of jobs lost manufacturing continued to bear the brunt of the downturn in the economy. In November, the industry shed 163,000 jobs, and employment in the nation's factories has fallen by almost 1 million since March and 1.4 million since July 2000. Although nearly all manufacturing industries lost jobs over the month, declines continued to be pronounced among durable-goods producers. Particularly large declines occurred in electrical equipment (down 29,000 in November) industrial machinery (-26,000), and fabricated metals (-19,000). The factory workweek and factory overtime also continued to trend down over the month, to 40.3 and 3.7 hours, respectively. Manufacturing hours have been drifting down since the spring of 2000

Reflecting the declining demand for factory workers as well as the softening demand for labor throughout much of the rest of the economy, employment in the help supply industry fell by 87,000 in November, on the heels of an even steeper decline in October. Employment in this

industry has declined by 629,000 since its most recent peak in September 2000, a drop of nearly 18 percent. Elsewhere in the services industry, employment in amusement and recreation services declined by 25,000. In addition hotels lost 7,000 jobs, following a much larger decrease in October. One services industry that is growing in the aftermath of the terrorist attacks is guard services, which added 15,000 jobs in November after adding 14,000 jobs in October. Health services continued to record steady job growth, adding 32,000 jobs in November and nearly 300,000 over the past year.

The wholesale trade industry continued to be adversely affected by the slump in manufacturing. In November wholesale trade employment fell by 25,000, with almost all of the job cuts in durable goods distribution. In retail trade, overall employment was down slightly in November after seasonal adjustment, following large losses in the prior 2 months. Employment in department stores and apparel stores fell for the second month in a row, as hiring has fallen short of the normal seasonal buildup. Elsewhere in retail trade, there were small job gains in November among car dealers and in eating and drinking establishments.

In the transportation industry, employment in air transportation and transportation services fell sharply for the second month in a row, with November declines of 45,000 and 12,000, respectively. As in October, these declines were likely related to reductions in travel since September 11

Employment in finance expanded by 14,000 in November aided by low interest rates that continue to spur activity in banking and mortgage brokerages. Construction employment was unchanged in November at 6.9 million, and the job total in the industry has held at this level since February. Construction employment is normally quite cyclical, falling sharply during recessions. This year, however, the industry has been buoyed by high levels of residential building activity, due in part to the favorable lending rates, and by growth in heavy construction, like road work

Finally from the payroll data, average hourly earnings rose 5 cents in November; over the year, hourly earnings have risen 3.9 percent.

As I mentioned at the beginning of my remarks, the jobless rate was 5.7 percent in November, up three-tenths of a percentage point over the month. The rate increased from 3.9 to 4.3 percent between October 2000 and the start

of the recession in March; since March, the rate has risen by an additional 1.4 percentage points. The number of jobless persons, at 8.2 million in November, is up by 2.6 million since October of last year

Unemployment rates were up in November for adult men and whites; those two groups and the other major worker groups - adult women, teenagers, blacks and Hispanics - have experienced increases since October of last year. The November increase in unemployment occurred principally among those persons who had lost their jobs and did not expect to be recalled.

The deteriorating job market is making it increasingly difficult for jobseekers to find work. Indeed, the number of unemployed who have been searching for work for 6 months or more has nearly doubled since July, to 1.2 million in November.

Finally from the household data, total civilian employment fell by nearly 500,000 in November and the proportion of the population with a job declined three-tenths of a percentage point to 63.0 percent.

In summary, nonfarm payroll employment fell by 331,000 in November, the second extremely large drop in a row. Losses were widespread, with the largest employment

declines occurring in manufacturing and help supply services. The unemployment rate rose three-tenths of a percentage point to 5.7 percent.

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