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THE EMPLOYMENT SITUATION: JANUARY 1998

HEARING

before the

JOINT ECONOMIC COMMITTEE CONGRESS OF THE UNITED STATES

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

February 6, 1998

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THE EMPLOYMENT SITUATION: JANUARY 1998

Friday, February 6, 1998

CONGRESS OF THE UNITED STATES,
JOINT ECONOMIC COMMITTEE,
WASHINGTON, D.C.

The Committee met, pursuant to notice, at 9:30 a.m., in Room 1334, Longworth House Office Building, the Honorable Jim Saxton, Chairman of the Committee, presiding.

Present: Representative Saxton.

Staff Present: Christopher Frenze, Colleen J. Healy, Mary Hewitt, Robert Keleher, Juanita Morgan, Amy Pardo, Dan Lara, Howard Rosen, and Joseph Cwiklinski.

OPENING STATEMENT OF REPRESENTATIVE JIM SAXTON, CHAIRMAN

Representative Saxton. Good morning. Once again, it is my pleasure to welcome Commissioner Abraham before the Joint Economic Committee (JEC). Thank you so much for being here. The business cycle expansion that began in 1991 continues to increase payroll employment, according to the Bureau of Labor Statistics (BLS) data released today. Payroll jobs increased by 358,000 in January, bringing the total to 124.2 million jobs. The household survey also reflects healthy employment gains. The unemployment rate was about unchanged, at 4.7 percent.

As I have noted before, the economic employment gains during this expansion period have been sustained by the Federal Reserve's policy of gradual disinflation. Lower inflation and interest rates have boosted the economy and flooded the Treasury with revenues easing the deficits. The domestic economic and fiscal situation remains quite positive.

In addition to the employment data, BLS also produces a variety of statistics on prices. The Consumer Price Index (CPI), Producer Price Index (PPI), Employment Cost Index, and other measures are closely watched BLS price data. Over the last year, we reviewed these data and found no evidence of a significant pickup in inflation.

Furthermore, the forward-looking indicators used by the Joint Economic Committee do not reflect any inflation threat. Instead, these indicators–commodity prices, bond yields and the dollar–suggest that the risk of deflation is becoming less remote. With respect to monetary policy, it is clear that the goal of price stability is inconsistent with inflation or deflation.

Monetary policy, guided by the inflation targeting approach to stable prices, as I favor, actually is slightly biased against deflation. Inflation targeting means that monetary policy aims to prevent a sustained increase or decrease in the price level reflected in broad price indices. Since monetary policy must be preemptive, the Federal Reserve must act before deflation actually materializes.

Let me just say that one more time. Since monetary policy must be preemptive, the Federal Reserve must act before deflation actually materializes. That is why, for several months, I have suggested that a Federal Reserve easing of interest rates would be an appropriate measure, given the fact that there is a substantial time lag between Federal action and the actual effect that we might desire.

Given the intense interest in this inflation/deflation issue, various BLS price measures will be closely scrutinized by the financial markets for the foreseeable future. To gauge the potential of imported deflation, the import and export price indices will receive especially close attention in the coming months.

In closing, I would like to mention an issue that consumed much of our time and effort last year, the Consumer Price Index. With the improvements made in this program by the BLS, Chairman Greenspan recently commented that the BLS was doing, quote, "an excellent job." I would like to second this opinion and thank the BLS for its hard and sometimes unappreciated work in this regard.

Commissioner Abraham, thank you for being here this morning, and we are anxious to hear what you have to bring to us this morning.

[The prepared statement of Representative Saxton appears in the Submissions for the Record.]

STATEMENT OF KATHARINE G. ABRAHAM, COMMISSIONER, BUREAU OF LABOR STATISTICS: ACCOMPANIED BY KENNETH V. DALTON, ASSOCIATE COMMISSIONER, OFFICE OF PRICES AND LIVING CONDITIONS, AND PHILIP L. RONES, ASSISTANT COMMISSIONER OF CURRENT EMPLOYMENT ANALYSIS

Ms. Abraham. Thank you very much, Mr. Chairman. As always, I appreciate the opportunity to be here, specifically to comment on the labor market data that we have released this morning. The unemploy-ment rate was unchanged in January at 4.7 percent. As you have noted, nonfarm payroll employment, as measured by our establishment survey increased by 358,000 over the month, and total employment, as measured by our household survey, rose substantially as well.

Payroll employment rose in most of the major industry groups, with particularly strong gains in manufacturing and construction. Con-struction employment jumped by 92,000 in January. Job gains in the industry have totaled 184,000 over the last three months, partly reflecting the strong housing market.

Unusually warm weather during January in many parts of the country, together with cleanup and repairs following the severe ice storms in the Northeast, contributed to the over-the-month growth in January.

Manufacturing added 43,000 jobs last month, about the same number as in each of the previous three months. Several industries that added jobs throughout 1997 continued hiring in January. These included fabricated metal products, industrial machinery, electronic components and aircraft and parts. Within nondurable goods, still within manufacturing, long-term employment declines continued in apparel, textiles and leather products, while rubber and miscellaneous plastics showed an over-the-month gain.

Following two very strong months, the services industry added 89,000 jobs in January. This compares to an average monthly gain of 115,000 in 1997. Employment in help supply services, which is princi-pally a temporary help agency, which had grown by 57,000 in November and 30,000 in December, declined by 16,000 in January. Health services expanded more slowly than average, as over-the-month employment declines in home health care services and nursing homes offset continued growth in hospitals.

Computer and data processing services and engineering and manage-ment services continued their rapid growth. Retail trade added 24,000 jobs in January, which is about half the monthly average for 1997. Employment in department stores rose by 31,000 over the month. But following robust holiday hiring, seasonal layoffs were larger than usual in miscellaneous retail establishments, which includes such things as toy stores, book stores, catalog sales houses. That industry lost 25,000 jobs over the month. Wholesale trade employment rose by 30,000 over the month, with strength in both durable and nondurable goods distribution.

Employment in transportation was up 40,000 in January, driven by increases of 27,000 in air transportation, which offset an almost identical decline in December, and 10,000 in trucking. Communications employment rose by 10,000 in January. That industry has added 51,000 jobs over the past year. Real estate had an unusually strong month, adding 10,000 jobs. The employment gain of 12,000 in finance was in line with monthly average gains in 1997 and was led by a 5,000 increase in security and commodity brokerages.

Average hourly earnings of production or nonsupervisory workers in the private sector increased by four cents in January to $12.51. Over the year, hourly earnings rose by 46 cents or 3.8 percent. Turning to data from the household survey, the unemployment rate was unchanged over the month at 4.7 percent. The rate for adult men fell slightly to 3.8 percent and that for adult women was up to 4.4 percent. The rates for other major worker groups were about unchanged. Total civilian employment grew by 641,000 in January, after adjusting for the effects of some minor changes in our estimation procedures that are described in my written statement, that I won't elaborate on this morning, unless you have got questions. These changes, I would note, did not signifi-cantly affect estimated unemployment rates. Both employment and labor force growth have accelerated sharply during the last three months.

I would like to note one thing about today's employment situation news release which is that it includes a new table on labor force status by educational attainment. I consider this an important addition, since education is such a critical determinant of labor market success. The unemployment rate for those with less than a high school education, for example, is nearly four times that for college graduates. And there are other statistics that similarly show the importance of education in labor market outcomes that are included in this new table.

In summary, employment rose sharply in January, with continued strength in manufacturing and construction, the civilian unemployment rate was unchanged at 4.7 percent. We would, of course, be happy to address any questions you might wish to raise.

[The prepared statement of Commissioner Abraham and accompanying Press Release appear in the Submissions for the Record.]

Representative Saxton. Commissioner, thank you very much. Let me just emphasize some information you brought to us in the last part of your statement, which I think is very important and interesting. In fact, years ago, Commissioner Norwood liked to make the same point. The labor force statistics, as you just pointed out, consistently reflect differences in employment levels for a variety of education levels. It is quite evident, it seems to me in this month's data, that that fact continues to remain so. Can you give us the numbers that are in your information relative to this subject?

Ms. Abraham. Yes. Just taking a look at unemployment rates, the January figures for the educational groups that we have broken out in this new table, for people who have less than a high school diploma, the unemployment rate in January was 7.2 percent. For high school graduates, it was 3.9 percent, for people who had some college, but hadn't graduated, it was 3.2 percent, and for college graduates, it was 1.9 percent. So that is one important measure of labor market success.

There are other ways you could look at this. We have also figures on employment-to-population ratios. Those are complicated a little bit by the fact that so many of the people with less education are considerably older, the work force has gotten more educated over time, so that you would really need to, in addition to what we have on the table, look at things broken out by age group, but the pattern there is similar in the sense that less educated people are less likely to be working.

Representative Saxton. And that is undoubtedly more true today than it was in recent history. I mean, as we rely on higher tech types of jobs, particularly in the service industry and in the world of computers, I suspect that more education today is even more meaningful than it was, say, 15 or 20 years ago.

Ms. Abraham. I don't have readily at hand figures that go back that far. It has always been true people with less education are less likely to be employed and more likely to be unemployed. It doesn't show up that this has gotten worse so much in the unemployment figures. There may be more evidence of it in the employment figures. Phil is noting as well also in the earnings. It is very noteworthy that the gap in earnings between more and less educated people has widened considerably over the last 15 years.

Representative Saxton. Thank you. Let me turn to another issue which is perhaps more evident in public discussions today. Most analysts expect the United States economy to slow because of what we refer to as the crisis in Asia. In what components of the BLS employment and price data can we expect to observe the initial aspects of this effect? I guess asked in another way, where should we be looking at your data to observe whatever impacts may be forthcoming?

Ms. Abraham. Well, I think the first place that I would look in our data for effects associated with what is going on in Asia would probably be our import price statistics, which are most directly tied to devel-opments there. If you want to add to what I am saying, you can. We have not seen a whole lot of evidence in the data we have through December of any impact of what is going on in Asia on import prices, but that was early; and I will be watching those statistics heading into 1998. Our import price statistics for January are due out next week. It is not obvious to me where you would look in terms of our employment statistics. We do have a series, I think Phil has in front of him, and I will let him speak to them, on employment in export-related industries, and you might expect if what is going on in Asia is impacting our exports that something would show up there, but we have measures of employment for industries that do a lot of exporting. We don't have measures of employment that are directly associated with exports.

Representative Saxton. You don't have import indices?

Ms. Abraham. We have an index of employment in industries that do a lot of exporting, but if employment in those industries changes, we can't say directly whether that is because they are exporting less or–

Representative Saxton. You have price indices for both imports and exports?

Ms. Abraham. Yes, we do.

Representative Saxton. Price indices are showing some effect relative to the Asian crisis; is that right?

Ms. Abraham. Well, we are really not seeing much we could directly link to that in the December data. The prices of imports from the Asian economies have been drifting downwards for a couple of years, and there wasn't anything we saw in the December data we could really say was a result of the recent developments.

Representative Saxton. So you are saying at this point that whatever reductions we may see in prices of imports and exports may be evident, but it may not be directly related to the Asian crisis.

Ms. Abraham. We haven't seen anything yet that is other than part of what I would describe as a continuing trend, but we need to look at the January data and the February data. Based on past experience, it often takes a while before, for example, currency rate fluctuations to show up in prices of imports. They don't get passed through immediately. We have not really seen anything dramatic yet.

Representative Saxton. Do you break this down on a commodity basis, or on a consumer item basis?

Ms. Abraham. We have statistics broken down by type of item. We also have some statistics that are country of origin indexes. We have an index for newly industrialized Asian countries that includes some of the countries that are of concern and we have an index for the prices of imports from Japan.

Representative Saxton. So you have indicated that import and export prices have fallen, generally.

Ms. Abraham. Import prices have fallen. Do you have figures on what has happened to export prices? I have been paying more attention to what is going on with import prices and that is what I looked at.

Mr. Dalton. For the past two years, they have been falling as well.

Ms. Abraham. The export prices have been falling as well.

Representative Saxton. Have you noticed any reduction in prices of personal computers? Is that a fair question to ask? Does your data reflect that kind of information?

Mr. Dalton. I don't have the information on personal computers, per se, but I think it is safe to say the price of personal computers is falling irrespective of what is happening in Asia.

Representative Saxton. You are being very careful not to attribute a cause for falling import prices or export prices to the Asian crisis, at least at this point.

Ms. Abraham. The only data we have are data through December, which would have been fairly early for any impact of the recent developments in Asia to have shown up, I think. We are seeing declines, but we are not seeing anything different from the trend over the prior couple of years.

Representative Saxton. Right. The decline in import prices from Asia's newly industrialized countries, from October to November, is a decline of about 1.1 percent. That seems to me to be a fairly substantial decline.

Ms. Abraham. Yes.

Mr. Dalton. That is a relatively large monthly decline and I think over the past two months the decline is somewhere along the order of 1.6 percent. But if you look at what has happened to those currencies, exchange rates have dropped precipitously, by half in some cases, and to date, we have not really seen anywhere near what we would anticipate the full effect of those currency devaluations to be.

Representative Saxton. So you will be watching this closely, obviously, in the coming months to try and determine whether or not there is some direct impact which many of us believe has to come?

Mr. Dalton. Well, I think we believe that as well and all we are saying is that we think the timing is a little bit different. It is going to take some time. But if you look over the past two years, the U.S. dollar has been appreciating relative to most other countries and import prices have been generally declining over that entire period. So I think there clearly is a relationship there. The issue is with drops as large as 30, 40, 50 percent in the exchange rate, will we see that reflected in the import price index itself? That is what we don't really know.

Ms. Abraham. And with what timing.

Mr. Dalton. And with what timing.

Representative Saxton. Let me go one step further and ask you if you anticipate that there might be some reason to expect a weaker Consumer Price Index in the future, reflecting these trends relative to, particularly imports.

Ms. Abraham. What I don't have in my head, and I don't know whether you have any sense of this, is what portion of the items in the CPI market basket are items where either a lot of the consumption is consumption of imported goods, or items that are competing with imports.

Mr. Dalton. I don't have that on the top of my head either.

Representative Saxton. I'm sorry, the data also shows, I believe, that the Producer Price Index has come down some.

Ms. Abraham. Right. That is over the last year or so.

Representative Saxton. We would obviously expect the CPI would follow.

Ms. Abraham. The thing that I think is important to keep in mind is when we are talking about imports and the Producer Price Index, we are talking about goods. The CPI is based on purchases of goods and services, and in fact, services are more than half, I want to say 60 percent of the weight in the CPI market basket, so there isn't going to be any one to one relationship between what is going on with the PPI and what happens with the CPI. Goods prices are a component, and you would expect them to be a factor, but the behavior of services prices has been quite different than the behavior of goods prices.

Representative Saxton. Where would we look for initial effects of the Asian crisis? Would we look at import and export prices? Would we look at producer prices or consumer prices?

Ms. Abraham. I would look first at import prices, since that is where the most direct impact likely would be. Even there, however, there is likely to be some attenuation, effects showing up only over time. And then I would look at producer prices and consumer prices, but any effects–excuse me, let me correct that, not at producer prices, necessarily, in any very direct way–

Representative Saxton. If there is a fall in producer prices, it would follow other earlier indicators.

Ms. Abraham. Well, I could see two routes possibly for producer prices to be affected by changes in the prices of imported items. First, to the degree they impacted cost of materials, and second to the degree that pricing behavior of domestic producers was affected by changes in the price that foreign competitors were charging. And then you could look, as well, at components of the Consumer Price Index where we know a lot of what is being bought is imported items or is in competition with imports. So you could begin over time to try to trace through effects of changes in the prices of imported items, potentially on the Producer Price Index, and to a certain extent, on the Consumer Price Index. But with both the PPI and the CPI, I would expect the effects to be considerably smaller, than in the import price index just given the weight of things that are exposed to international trade in the indexes overall.

Representative Saxton. Obviously, domestically, the competition provided by imports could be expected at some point to have an effect on both Producer Price Index and the CPI. Is that not a fair statement?

Ms. Abraham. I think that is a fair statement. I think the only question would be how large would that be and how do we identify it in the data, as distinct from other things that may be going on. But this all bears watching as we get successive months data for sure.

Representative Saxton. Thank you. As I indicated in an opening statement, a year or so ago, there was a great deal of talk about legislating change in the procedures you use relative to computation of the Consumer

Price Index. In the meantime, Chairman Greenspan has noted significant improve-ments in his opinion relative to the accuracy of the CPI because of certain changes that may have been made in your process. Can you discuss those with us?

Ms. Abraham. Certainly. There is a table that I wish I had with me. I don't know if you have it, Patrick. No. Well, we can supply that for the record. But I can describe in general terms some of the things that we have done. Over the course of 1995 and 1996, we made changes to address the so-called formula bias problem. We, at the beginning of 1997, made some important changes in the way we are pricing hospital services.

Effective with the data for January, which come out later this month, we have updated the market basket of goods and services we are pricing, and are changing the way that we account for quality changes in pricing of computers. We have on our agenda for the next couple of years some prospective changes, the details of which we have not yet announced concerning the way we construct our subindexes. This relates to the so-called substitution bias problem. We have requested funding to take more aggressive steps to get new goods into the index, to do more with adjusting explicitly for items quality in tracking changing price. We are looking as well at the possibility of updating the market basket more frequently in the future. So there is a whole set of things we have done and have planned that taken together, I think, represent important improvements.

Most of these changes have the consequence of slowing the measured rate of inflation. I would stress, however, that this is not why we have undertaken them. We have undertaken the changes because we think they are improvements in our methods. But, they do have the consequence of slowing the rate of growth of the CPI by a significant amount.

Representative Saxton. Help refresh my memory. When the Boskin Commission Report was made public, did it make specific suggestions in the Report; or was it just critical of the process?

Ms. Abraham. There were some specific suggestions. The principal specific suggestions related specifically to the so-called substitution-bias in the Consumer Price Index. There was a change recommended in the way that we put our subindexes together to form the overall Index. That is what we are currently evaluating and we have said we would make a decision about that shortly and are looking at implementing whatever we decide is appropriate to do next January.

There were some suggestions about constructing, in addition to the CPI, separate indexes that would do a better job of addressing the substitution bias problem in a way that we can't do in the monthly CPI because we don't have the needed information quickly enough. We are proceeding on doing that as well. When it comes to adjusting for changes in the quality of items, the value of new goods to consumers, which when taken together, constitute about seven-tenths of the 1.1 percent bias that they believed existed in the CPI, there were very few specific suggestions about what we might do.

The only ideas that I have heard anyone advance that I think are operational are the things that we are moving aggressively to do, in terms of more use of hedonic adjustment; that is, more explicitly adjusting for changes in item characteristics in tracking their price.

Representative Saxton. If I were to ask you to put together a summary of the changes you have made, perhaps in the form of a report to the Committee, would that be a fair thing for us to ask you to do? I am discussing these issues because I got a glimpse of the reemergence of some thought about a legislative change not long ago from some Members of Congress. They ought to at least, before they pursue that line of activity, have access to knowledge relative to the changes that have been made. If you can provide that information for us, I think it would be most helpful.

Ms. Abraham. I can provide you immediately, as soon as I get back to my office, a table that summarizes the changes, and estimates that have been made, of their impact on the rate of growth of the index. We can get-together with you or your staff to talk about whether you would like something more detailed, in terms of a description of what change is involved and so on.

[Commissioner Abraham's response appears in the Submissions for the Record.]

Representative Saxton. I think that would be very helpful. Thank you. I have no further questions at this point, unless you have some other thoughts you want to leave with us. If not, I have completed the line of questioning that I had in mind this morning.

Ms. Abraham. I think you covered as well the things that were on my mind.

Representative Saxton. Thank you. I would also like to ask unanimous consent that Senator Bingaman's material and statements be included in the record, and since there is no one here to object, they will be.

[The prepared statement of Senator Bingaman appears in the Submissions for the Record.]

Thank you again for being with us, Commissioner, Mr. Dalton, Mr. Rones, and we look forward to seeing you in a month or so.

Ms. Abraham. Thank you.

[Whereupon, at 10:00 a.m., the hearing was adjourned.]

SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF REPRESENTATIVE JIM SAXTON, CHAIRMAN

Once again it is my pleasure to welcome Commissioner Abraham and her colleagues before the Joint Economic Committee.

The business cycle expansion that began in 1991 continues to increase payroll employment, according to the BLS data released today. Payroll jobs increased by 358,000 in January, bringing the total to 124.2 million jobs. The household survey also reflects healthy employment gains. The unemployment rate was about unchanged at 4.7 percent.

As I have noted before, the economic and employment gains during this expansion have been sustained by the Federal Reserve's policy of gradual disinflation. Lower inflation and interest rates have boosted the economy and flooded the Treasury with revenues, erasing the deficit. The domestic economic and fiscal situation remains very positive.

In addition to the employment data, BLS also produces a variety of statistics on prices. The Consumer Price Index, Producer Price Index, Employment Cost Index, and other measures are closely watched BLS price data.

Over the last year we have reviewed these data and found no evidence of a real pick-up in inflation. Furthermore, the forward-looking price indicators used by the JEC also do not reflect any inflation threat. Instead, these indicators–commodity prices, bond yields and the dollar –suggest that the risk of deflation is becoming less remote.

With respect to monetary policy, it is clear that a goal of price stability is inconsistent with inflation or deflation. Monetary policy guided by an inflation targeting approach to stable prices, as I favor, actually is slightly biased against deflation. Inflation targeting means that monetary policy aims to prevent a sustained increase or decline in the price level reflected in broad price indexes.

Since monetary policy must be pre-emptive, the Federal Reserve must act before deflation actually materializes. Consequently, for several months I have suggested that a Federal Reserve easing of interest rates would be appropriate.

Given the intense interest of many in this inflation/deflation issue, various BLS price measures will be closely scrutinized by the financial markets for the foreseeable future. To gauge the potential of imported

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deflation, the import and export price indexes will receive especially close attention in coming months.

In closing, I'd like to mention an issue that consumed much of our time and effort last year-the CPI. With the improvements made in this program, Chairman Greenspan recently commented that BLS was doing "an excellent job." I would like to second this opinion, and thank BLS for its hard and sometimes under-appreciated work in this area.

PREPARED STATEMENT OF KATHARINE G. ABRAHAM, COMMISSIONER

Mr. Chairman and Members of the Committee:

I would like to thank you for the opportunity to comment on the labor market data released this morning. The unemployment rate was unchanged in January at 4.7 percent. Nonfarm payroll employment, as measured by our establishment survey, increased by 358,000 over the month, and total employment, as measured by our household survey, rose substantially as well. Payroll employment rose in most of the major industry groups, with particularly strong gains in manufacturing and construction.

Construction employment jumped by 92,000 in January. Job gains in the industry have totaled 184,000 over the last 3 months, partly reflecting the strong housing market. Unusually warm weather during January in many parts of the country, together with clean up and repairs following severe ice storms in the Northeast, contributed to the over-the-month growth.

Manufacturing added 43,000 jobs in January, about the same number as in each of the previous three months. Several industries that added jobs throughout 1997 continued hiring in January; these included fabricated metal products (8,000), industrial machinery (7,000), electronic components (4,000), and aircraft and parts (2,000). Within nondurable goods, long-term employment declines continued in apparel (-5,000), textiles (-3,000) and leather products (-1,000), while rubber and miscellaneous plastics showed an over-the-month gain (6,000).

Following two very strong months, the services industry added 89,000 jobs in January; this compared to an average monthly gain of 115,000 in 1997. Employment in help supply services, which grew by 57,000 in November and 30,000 in December, declined by 16,000 in January. Health services expanded more slowly than average, as over-the month employment declines in home health care services and nursing homes offset continued growth in hospitals. Computer and data processing services and engineering and management services continued their rapid growth, adding 16,000 and 22,000 jobs, respectively.

Retail trade added 24,000 jobs in January, about half the monthly average for 1997. Employment in department stores rose by 31,000 over the month. Following robust holiday hiring, however, seasonal layoffs were larger than usual in miscellaneous retail establishments–such as toy stores, book stores, and catalogue sales houses–which lost 25,000 jobs over the month. Wholesale trade employment rose by 30,000 over the month, with strength in both durable and nondurable goods distribution.

Employment in transportation was up 40,000 in January, driven by increases of 27,000 in air transportation (offsetting an almost-identical decline in December) and 10,000 in trucking. Communications employment rose by 10,000 in January; the industry has added 51,000 jobs over the past year.

Real estate had an unusually strong month, adding 10,000 jobs. The employment gain of 12,000 in finance was in line with monthly average gains in 1997 and was led by a 5,000 increase in security and commodity brokerages.

Government employment was about unchanged over the month. Since January 1997, state and local government employment has increased by 291,000, while Federal payrolls have declined by 39,000.

Average hourly earnings of production or nonsupervisory workers in the private sector increased by four cents in January, to $12.51. Over the year, hourly earnings rose by 46 cents or 3.8 percent.

Turning to data from the household survey, the unemployment rate was unchanged over the month at 4.7 percent. The rate for adult men fell slightly, to 3.8 percent, and that, for adult women was up, to 4.4 percent. The rates for other major worker groups were about unchanged. Total civilian employment grew by 641,000 in January, after adjusting for the effects of minor changes in our estimation procedures that I will discuss in a moment. (These changes did not significantly affect estimated unemployment rates.) Both employment and labor force growth have accelerated sharply during the last three months.

I would like to note that today's Employment Situation news release includes a new table on labor force status by educational attainment. I consider this an important addition, since education is a critical determinant of labor market success. The unemployment rate for those with less than a high school education, for example, is nearly four times that for college graduates.

The new estimation procedures that I alluded to earlier are being used to produce all estimates from the household survey beginning with today's data for January 1998. These new composite estimation procedures simplify processing of the monthly labor force data, allow users of the survey microdata to replicate more easily the official estimates, and slightly reduce the month-to-month variability of the employment and labor force estimates. As a result of the introduction of the new procedures, beginning in January, labor force and employment levels are not strictly comparable to data for previous months. Unemployment rates were virtually unaffected. An article to appear in the February 1998 issue of Employment and Earnings will provide estimates of the effect of the changes on major labor market indicators for various demographic groups.

In summary, employment rose sharply in January, with continued strength in manufacturing and construction. The civilian unemployment rate was unchanged at 4.7 percent.

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

News United States Department of Labor

Bureau of Labor Statistics Washington, D.C. 20212

Internet address: http://stats.bls.gov/newsrels.htm
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Transmission of material in this release is embargoed until 8:30 A.M. (EST), Friday, February 6, 1998.

THE EMPLOYMENT SITUATION: JANUARY 1998

Employment rose substantially in January, and the unemployment rate remained at 4.7 percent, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Nonfarm payroll employment grew by 358,000, with large gains occurring in construction and manufacturing.

Chart 1. Unemployment rate, seasonally adjusted, February 1995 - January 1998

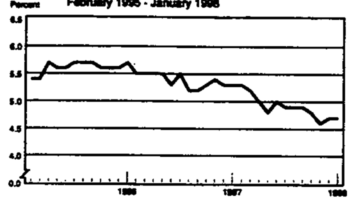
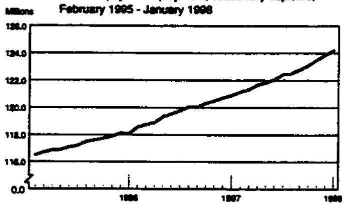


Chart 2. Nonfarm payroll employment, seasonally adjusted, February 1995 - January 1998



Unemployment (Household Survey Data)

Both the number of unemployed persons, 6.4 million, and the unemployment rate, 4.7 percent, were essentially unchanged in January, after seasonal adjustment. Among the major worker groups, the jobless rate for adult women (4.4 percent) rose by 0.4 percentage point in January, while the rate for adult men (3.8 percent) declined to its lowest level in nearly 20 years. Unemployment rates for teenagers (14.1 percent), whites (4.0 percent), blacks (9.3 percent), and Hispanics (6.9 percent) showed little or no change over the month. (See tables A-1 and A-2.)

Among the major educational attainment categories, the jobless rate for persons 25 years and over who had not completed high school (7.2 percent) continued its year-long decline. Rates for those with higher levels of educational attainment—including high school graduates with no college experience (3.9 percent), high school graduates with some college experience but no bachelor's degree (3.2 percent), and college graduates (1.9 percent)—were essentially unchanged over the month. (See table A-3.)

> Beginning in January 1998, household data reflect new composite estimation procedures and revised population controls. Additional information on the revisions appears on page 4. Also, this release introduces labor force data for persons 25 years and over by major educational attainment categories, which appear in table A-3. All subsequent tables have been renumbered sequentially.

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

Category	Quarterly averages 1997 III	Quarterly averages 1997 IV	Monthly data 1997 Nov.	Monthly data 1997 Dec.	Monthly data 1998 Jan.	Dec.-Jan. change[1]
HOUSEHOLD DATA	Labor force status					
Civilian labor force	136379	136,813	136,864	137,169	137,493	624
Employment	129,723	130,421	130,575	130,777	131,083	641
Unemployment	6,656	6,392	6,289	6,392	6,409	-18
Not in labor force	66,988	67,123	67,077	66,929	66,745	-484
	Unemployment rates					
All workers	4.9	4.7	4.6	4.7	4.7	.0
Adult men	4.1	4.0	3.9	4.1	3.8	-0.4
Adult women	4.3	4.0	4.0	4.0	4.4	.4
Teenagers	16.3	15.0	15.2	14.3	14.1	-.4
White	4.2	4.0	3.9	3.9	4.0	.0
Black	9.6	9.7	9.7	9.9	9.3	-.6
Hispanic origin	7.6	7.4	6.9	7.5	6.9	-.7
ESTABLISHMENT DATA	Employment					
Nonfarm employment	122,575	p123,487	123,512	p123,867	p124,225	p358
Goods-producing[2]	24,750	p24,897	24,888	p24,988	p25,123	p135
Construction	5,635	p5,691	5,682	p5,742	p5,834	p92
Manufacturing	18,541	p18,632	18,634	p18,672	p18,715	p43
Service-producing[2]	97,825	p98,591	98,624	p98,879	p99,102	p223
Retail trade	22,188	p22,378	22,403	p22,472	p22,496	p24
Services	35,745	p36,104	36,102	p36,265	p36,354	p89
Government	19,746	p19,761	19,763	p19,772	p19,781	p9
	Hours of work[3]					
Total private	34.5	p34.6	34.8	p34.6	p34.8	p0.2
Manufacturing	41.8	p42.1	42.1	p42.2	p42.1	p-.1
Overtime	4.7	p4.9	4.9	p4.9	p4.9	p.0
	Indexes of aggregate weekly hours (1982=100)[3]					
Total private	140.6	p142.2	142.9	p142.5	p143.4	p0.9
	Earnings[3]					
Average hourly earnings, total private	$12.30	p$12.45	$12.48	p$12.47	p$12.51	p$0.04
Average weekly earnings, total private	424.36	p431.19	434.30	p431.46	p435.35	p3.89

[1] Changes for household data shown in this column reflect an allowance for the effect of new composite estimation procedures on monthly estimates. See the note on page 4.
[2] Includes other industries, not shown separately.
[3] Data relate to private production or nonsupervisory workers.
p=preliminary.

Total Employment and the Labor Force (Household Survey Data)

Total employment, as measured by the household survey, at 131.1 million (seasonally adjusted), rose by 641,000 over the month, after adjusting for changes in the composite estimation procedure. The employment-population ratio rose to 64.2 percent, an all-time high. Employment-population ratios for workers 25 years and over at all levels of educational attainment—less than a high school diploma (39.3 percent), high school graduates with no college experience (63.0 percent), high school graduates with some college experience but no bachelor's degree (72.9 percent), and college graduates (78.7 percent)—showed little or no movement over the month. The ratio is low for persons without a high school diploma in part because a very high proportion are age 65 and over. (See tables A-1 and A-3.)

About 7.7 million persons (not seasonally adjusted) held more than one job in January. These multiple jobholders comprised 6.0 percent of all employed persons. (See table A-10.)

The civilian labor force, at 137.5 million (seasonally adjusted), increased by 624,000 in January, after adjusting for changes in the composite estimation procedure, and the labor force participation rate rose to a record 67.3 percent. (See table A-1.)

Persons Not in the Labor Force

About 1.5 million persons (not seasonally adjusted) were marginally attached to the labor force in January. These were people who wanted and were available for work and had looked for a job sometime in the prior 12 months but were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey.

The number of discouraged workers—a subset of the marginally attached who were not currently looking for jobs specifically because they believed no jobs were available for them—was 374,000 in January, little changed from a year earlier. (See table A-10.)

Industry Payroll Employment (Establishment Survey Data)

Nonfarm payroll employment rose by 358,000 in January to 124.2 million, after seasonal adjustment. Since September, payroll employment has risen by 1.4 million. Over the month, job gains continued in most major industry groups, with particularly strong growth in construction and manufacturing. (See table B-1.)

Construction employment rose by 92,000 in January, after seasonal adjustment. Since October, the industry has added 184,000 jobs. Several factors contributed to January's gain: The weather was warmer than usual over much of the country, there was considerable cleanup and repair activity following ice storms in the Northeast, and the housing market remained strong due to low mortgage rates and the healthy economy.

Manufacturing added 43,000 jobs in January, the fourth month in a row with a gain of about this magnitude. Since September, factory employment has risen by 162,000. Several durable goods industries that have made steady job gains for more than a year continued to grow in January. These include fabricated metals (8,000), industrial machinery (7,000), electronic components (4,000), and aircraft (2,000). Among nondurable goods industries, employment in rubber and miscellaneous plastics increased by 6,000, while apparel and textiles continued to decline.

Within the service-producing sector, employment in the services industry rose by 89,000 in January, after 2 months of larger gains. Employment in help supply services decreased by 16,000, following strong growth in November and December. Since October, net job growth in this industry has totaled 71,000. In January, health services added 14,000 jobs; large gains continued in hospitals, but nursing homes and home health care agencies showed declines. Computer services and engineering and management services continued their strong job growth.

Employment in transportation and public utilities rose by 49,000 in January, after seasonal adjustment. Light holiday hiring in air transportation led to fewer post-holiday layoffs than normal, resulting in a large job gain in January, after seasonal adjustment. Employment in communications rose by 10,000 over the month, primarily in telephone communications, where growth has accelerated since September.

Strength in both the durable and nondurable goods components of wholesale trade led to a relatively large job gain of 30,000 in January. Retail trade employment increased by 24,000 in January, about half the average monthly gain for 1997. Following robust holiday hiring, there were large seasonal layoffs in miscellaneous retail establishments, such as toy stores, book stores, and catalog sales operations.

Elsewhere in the service-producing sector, employment continued to rise in finance (12,000), with the largest increase in security brokerages (5,000). Real estate added 10,000 jobs over the month. Local government employment rose by 18,000 in January, as both the education and noneducation components continued their long-term growth. Federal government employment continued to decline.

Weekly Hours (Establishment Survey Data)

The average workweek for production or nonsupervisory workers on private nonfarm payrolls increased by 0.2 hour in January to 34.8 hours, seasonally adjusted. The manufacturing workweek decreased by 0.1 hour to 42.1 hours, while factory overtime was 4.9 hours for the third straight month. (See table B-2.)

The index of aggregate weekly hours of production or nonsupervisory workers on private nonfarm payrolls increased by 0.6 percent to 143.4 (1982=100), seasonally adjusted. The manufacturing index edged down by 0.1 percent to 109.8. (See table B-5.)

Hourly and Weekly Earnings (Establishment Survey Data)

Average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls increased 4 cents in January to $12.51, seasonally adjusted. Average weekly earnings increased by 0.9 percent to $435.35. Since January 1997, average hourly earnings have risen by 3.8 percent and average weekly earnings by 5.0 percent. (See table B-3.)

The Employment Situation for February 1998 is scheduled to be released on Friday, March 6, at 8:30 A.M. (EST).

Revisions in Household Survey Data

Effective with data for January 1998, new composite estimation procedures and minor revisions in the population controls have been introduced into the household survey. (Data for months prior to January 1998, shown in this release, were not recalculated using the new procedures.) The new composite estimation procedures simplify processing of the monthly labor force data at BLS, allow users of the survey microdata to replicate more easily the official estimates released by BLS, and increase the reliability of the employment and labor force estimates. The new procedures produce somewhat lower estimates of the civilian labor force and employment and slightly higher estimates of the level of unemployment. Unemployment rates were not significantly affected.

The population controls used in the survey were revised to reflect new estimates of legal immigration to the U.S. and a change in the method for projecting the emigration of foreign-born legal residents. As a result, the estimate of the size of the Hispanic-origin population was raised by about 57,000; however, the estimate for the total civilian noninstitutional population 16 years and over was essentially unchanged. More detailed information on these changes and their effect on the estimates of labor force change and composition will appear in the article, "Revisions in the Current Population Survey Effective January 1998," in the February 1998 issue of *Employment and Earnings*.

Explanatory 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 50,000 households conducted by the Bureau of the Census 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. In June 1997, the sample included about 390,000 establishments employing about 48 million people.

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-producing sector.

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.

Other differences between the two surveys are described in "Comparing Employment Estimates from Household and Payroll Surveys," which may be obtained from BLS upon request.

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.

In both the household and establishment surveys, most seasonally adjusted series are independently adjusted. However, the adjusted series for many major estimates, such as total payroll employment, employment in most major industry divisions, 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.

The numerical factors used to make the seasonal adjustments are recalculated twice a year. For the household survey, the factors are calculated for the January-June period and again for the July-December period. For the establishment survey, updated factors for seasonal adjustment are calculated for the May-October period and introduced along with new benchmarks, and again for the November-April period. 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 376,000. 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 -276,000 to 476,000 (100,000 +/- 376,000). 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. The 90-percent confidence interval for the monthly change in unemployment is +/- 258,000, and for the monthly change in the unemployment rate it is +/- .21 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 substantially 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 (and other sources of error), a process known as bias adjustment is included in the survey's estimating procedures, whereby a specified number of jobs is added to the monthly sample-based change. The size of the monthly bias adjustment is based largely on past relationships between the sample-based estimates of employment and the total counts of employment described below.

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 zero to 0.6 percent.

Additional statistics and other information

More comprehensive statistics are contained in *Employment and Earnings*, published each month by BLS. It is available for $17.00 per issue or $35.00 per year from the U.S. Government Printing Office, Washington, DC 20402. All orders must be prepaid by sending a check or money order payable to the Superintendent of Documents, or by charging to Mastercard or Visa.

Employment and Earnings also provides measures of sampling error for the household survey data published in this release. For unemployment and other labor force categories, these measures appear in tables 1-B through 1-H of its "Explanatory Notes." Measures of the reliability of the data drawn from the establishment survey and the actual amounts of revision due to benchmark adjustments are provided in tables 2-B through 2-G of that publication.

Information in this release will be made available to sensory impaired individuals upon request. Voice phone: 202-606-STAT; TDD phone: 202-606-5897; TDD message referral phone: 1-800-326-2577.

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]					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
TOTAL									
Civilian noninstitutional population	202,285	204,098	204,238	202,285	203,570	203,767	203,941	204,098	204,238
Civilian labor force	134,317	136,742	135,951	135,729	136,439	136,406	136,864	137,169	137,493
Participation rate	66.4	67.0	66.6	67.1	67.0	66.9	67.1	67.2	67.3
Employed	126,384	130,785	128,882	128,541	129,761	129,910	130,575	130,777	131,083
Employment-population ratio	62.5	64.1	63.1	63.5	63.7	63.8	64.0	64.1	64.2
Agriculture	3,036	3,103	2,938	3,453	3,422	3,327	3,384	3,385	3,319
Nonagricultural industries	123,348	127,682	125,944	125,088	126,339	126,583	127,191	127,392	127,764
Unemployed	7,933	5,957	7,069	7,188	6,678	6,496	6,289	6,392	6,409
Unemployment rate	5.9	4.4	5.2	5.3	4.9	4.8	4.6	4.7	4.7
Not in labor force	67,968	67,356	68,287	66,556	67,131	67,361	67,077	66,929	66,745
Men, 16 years and over									
Civilian noninstitutional population	97,264	98,225	98,241	97,264	97,946	98,050	98,141	98,225	98,241
Civilian labor force	72,117	73,153	72,815	73,052	73,192	73,311	73,682	73,662	73,852
Participation rate	74.1	74.5	74.1	75.1	74.7	74.8	75.1	75.0	75.2
Employed	67,640	69,849	68,932	69,209	69,656	69,785	70,352	70,195	70,518
Employment-population ratio	69.5	71.1	70.2	71.2	71.1	71.2	71.7	71.5	71.8
Unemployed	4,477	3,304	3,882	3,843	3,536	3,526	3,330	3,467	3,333
Unemployment rate	6.2	4.5	5.3	5.3	4.8	4.8	4.5	4.7	4.5
Men, 20 years and over									
Civilian noninstitutional population	89,446	90,339	90,391	89,446	90,086	90,140	90,251	90,339	90,391
Civilian labor force	68,429	69,350	69,013	68,949	69,136	69,193	69,500	69,561	69,652
Participation rate	76.5	76.8	76.3	77.1	76.8	76.8	77.0	77.0	77.1
Employed	64,693	66,524	65,811	65,856	66,298	66,337	66,824	66,676	67,008
Employment-population ratio	72.3	73.6	72.8	73.6	73.6	73.6	74.0	73.8	74.1
Agriculture	2,132	2,151	2,056	2,389	2,383	2,298	2,323	2,314	2,282
Nonagricultural industries	62,561	64,373	63,756	63,467	63,915	64,039	64,501	64,362	64,726
Unemployed	3,736	2,826	3,202	3,093	2,838	2,856	2,676	2,885	2,644
Unemployment rate	5.5	4.1	4.6	4.5	4.1	4.1	3.9	4.1	3.8
Women, 16 years and over									
Civilian noninstitutional population	105,022	105,873	105,997	105,022	105,623	105,718	105,799	105,873	105,997
Civilian labor force	62,200	63,589	63,136	62,677	63,247	63,095	63,182	63,507	63,641
Participation rate	59.2	60.1	59.6	59.7	59.9	59.7	59.7	60.0	60.0
Employed	58,744	60,936	59,949	59,332	60,105	60,125	60,223	60,582	60,565
Employment-population ratio	55.9	57.6	56.6	56.5	56.9	56.9	56.9	57.2	57.1
Unemployed	3,457	2,653	3,186	3,345	3,142	2,970	2,959	2,925	3,076
Unemployment rate	5.6	4.2	5.0	5.3	5.0	4.7	4.7	4.6	4.8
Women, 20 years and over									
Civilian noninstitutional population	97,520	98,300	98,420	97,520	98,082	98,144	98,212	98,300	98,420
Civilian labor force	58,637	59,834	59,425	58,832	59,432	59,338	59,348	59,624	59,652
Participation rate	60.1	60.9	60.4	60.3	60.6	60.5	60.4	60.7	60.6
Employed	55,739	57,647	56,674	56,078	56,883	56,919	56,953	57,255	57,040
Employment-population ratio	57.2	58.6	57.6	57.5	58.0	58.0	58.0	58.2	58.0
Agriculture	703	788	726	787	826	814	833	845	811
Nonagricultural industries	55,036	56,859	55,948	55,291	56,057	56,105	56,120	56,410	56,229
Unemployed	2,898	2,187	2,750	2,754	2,549	2,419	2,395	2,369	2,612
Unemployment rate	4.9	3.7	4.6	4.7	4.3	4.1	4.0	4.0	4.4
Both sexes, 16 to 19 years									
Civilian noninstitutional population	15,318	15,459	15,427	15,318	15,420	15,483	15,478	15,439	15,427
Civilian labor force	7,251	7,558	7,513	7,948	7,871	7,875	8,016	7,984	8,189
Participation rate	47.3	48.9	48.7	51.9	51.0	50.9	51.8	51.6	53.1
Employed	5,952	6,614	6,396	6,607	6,580	6,654	6,798	6,846	7,035
Employment-population ratio	38.9	42.8	41.5	43.1	42.7	43.0	43.9	44.3	45.6
Agriculture	202	164	155	297	213	215	228	226	227
Nonagricultural industries	5,750	6,450	6,241	6,310	6,367	6,439	6,570	6,620	6,809
Unemployed	1,299	944	1,117	1,341	1,291	1,221	1,218	1,138	1,154
Unemployment rate	17.9	12.5	14.9	16.9	16.4	15.5	15.2	14.3	14.1

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

NOTE: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

HOUSEHOLD DATA

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

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted[1]					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
WHITE									
Civilian noninstitutional population	169,436	170,649	170,810	169,436	170,290	170,427	170,545	170,649	170,810
Civilian labor force	113,338	114,857	114,193	114,311	114,758	114,784	115,073	115,263	115,253
Participation rate	66.9	67.3	66.9	67.5	67.4	67.4	67.5	67.5	67.5
Employed	107,425	110,652	108,967	109,154	109,904	110,063	110,604	110,729	110,698
Employment-population ratio	63.4	64.8	63.8	64.4	64.5	64.6	64.9	64.9	64.8
Unemployed	5,913	4,205	5,226	5,157	4,854	4,721	4,469	4,534	4,555
Unemployment rate	5.2	3.7	4.6	4.5	4.2	4.1	3.9	3.9	4.0
Men, 20 years and over									
Civilian labor force	58,691	59,253	58,885	58,999	59,110	59,098	59,255	59,389	59,262
Participation rate	77.2	77.3	76.8	77.6	77.3	77.2	77.5	77.5	77.3
Employed	55,803	57,162	56,475	56,681	56,989	56,966	57,263	57,272	57,336
Employment-population ratio	73.4	74.6	73.7	74.5	74.5	74.4	74.9	74.7	74.8
Unemployed	2,888	2,091	2,410	2,318	2,121	2,132	1,992	2,117	1,926
Unemployment rate	4.9	3.5	4.1	3.9	3.6	3.6	3.4	3.6	3.3
Women, 20 years and over									
Civilian labor force	48,473	49,233	48,897	48,626	48,955	48,976	48,906	49,134	49,077
Participation rate	59.6	60.2	59.7	59.8	60.0	60.0	59.9	60.1	60.0
Employed	46,423	47,726	46,919	46,731	47,165	47,284	47,265	47,474	47,250
Employment-population ratio	57.1	58.4	57.3	57.5	57.8	57.9	57.8	58.1	57.7
Unemployed	2,050	1,507	1,979	1,895	1,790	1,692	1,641	1,660	1,827
Unemployment rate	4.2	3.1	4.0	3.9	3.7	3.5	3.4	3.4	3.7
Both sexes, 16 to 19 years									
Civilian labor force	6,174	6,380	6,410	6,686	6,693	6,710	6,812	6,740	6,914
Participation rate	50.9	52.1	52.2	55.1	54.8	54.9	55.6	55.0	56.3
Employed	5,198	5,773	5,573	5,742	5,750	5,813	5,976	5,983	6,113
Employment-population ratio	42.9	47.1	45.4	47.4	47.0	47.5	48.8	48.8	49.8
Unemployed	976	607	836	944	943	897	836	757	802
Unemployment rate	15.8	9.5	13.1	14.1	14.1	13.4	12.3	11.2	11.6
Men	17.3	9.9	16.2	15.1	14.4	14.3	12.8	11.3	14.2
Women	14.3	9.1	9.7	13.1	13.7	12.3	11.6	11.1	8.8
BLACK									
Civilian noninstitutional population	23,847	24,180	24,196	23,847	24,081	24,117	24,149	24,180	24,196
Civilian labor force	15,141	15,685	15,535	15,380	15,691	15,555	15,638	15,709	15,788
Participation rate	63.5	64.9	64.2	64.5	65.2	64.5	64.8	65.0	65.3
Employed	13,474	14,248	14,045	13,736	14,180	14,067	14,128	14,149	14,316
Employment-population ratio	56.5	58.9	58.0	57.6	58.9	58.3	58.5	58.5	59.2
Unemployed	1,667	1,437	1,490	1,644	1,511	1,488	1,510	1,560	1,472
Unemployment rate	11.0	9.2	9.6	10.7	9.6	9.6	9.7	9.9	9.3
Men, 20 years and over									
Civilian labor force	6,749	6,945	6,910	6,839	6,978	6,945	6,965	6,957	7,012
Participation rate	71.0	71.9	71.6	71.9	72.6	72.3	72.1	72.0	72.6
Employed	6,081	6,374	6,288	6,225	6,424	6,367	6,420	6,356	6,456
Employment-population ratio	63.7	66.0	65.1	65.5	66.8	66.3	66.5	65.8	66.9
Unemployed	667	571	622	614	554	578	545	601	556
Unemployment rate	10.2	8.2	9.0	9.0	7.9	8.3	7.8	8.6	7.9
Women, 20 years and over									
Civilian labor force	7,560	7,840	7,778	7,580	7,790	7,680	7,731	7,791	7,799
Participation rate	63.3	64.8	64.1	63.5	64.6	63.6	63.9	64.4	64.3
Employed	6,852	7,273	7,149	6,878	7,135	7,044	7,080	7,163	7,178
Employment-population ratio	57.4	60.1	59.0	57.6	59.2	58.3	58.6	59.2	59.2
Unemployed	708	567	629	702	655	636	651	628	621
Unemployment rate	9.4	7.2	8.1	9.3	8.4	8.3	8.4	8.1	8.0
Both sexes, 16 to 19 years									
Civilian labor force	833	900	849	961	923	930	942	961	977
Participation rate	34.6	37.3	35.2	40.1	38.3	38.2	39.2	39.8	40.5
Employed	560	601	609	633	621	656	628	630	683
Employment-population ratio	23.4	24.9	25.2	26.4	25.8	26.9	26.1	26.1	28.3
Unemployed	272	299	240	328	302	274	314	331	294
Unemployment rate	32.7	33.3	28.3	34.1	32.7	29.5	33.3	34.4	30.1
Men	43.2	35.8	32.4	40.9	37.8	30.1	35.0	36.2	31.8
Women	24.0	31.4	24.8	27.7	28.6	28.8	31.9	33.1	28.5

See footnotes at end of table.

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

(Numbers in thousands)

Employment status, race, sex, age, and Hispanic origin	Not seasonally adjusted			Seasonally adjusted[1]					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
HISPANIC ORIGIN									
Civilian noninstitutional population	20,013	20,629	20,741	20,013	20,464	20,519	20,575	20,629	20,741
Civilian labor force	13,600	13,985	13,880	13,669	13,861	13,896	13,880	13,973	13,954
Participation rate	68.0	67.8	66.9	68.3	67.7	67.7	67.5	67.7	67.3
Employed	12,349	12,998	12,793	12,554	12,807	12,806	12,921	12,921	12,988
Employment-population ratio	61.7	63.0	61.7	62.7	62.6	62.4	62.8	62.6	62.6
Unemployed	1,251	987	1,087	1,115	1,054	1,090	959	1,052	966
Unemployment rate	9.2	7.1	7.8	8.2	7.6	7.8	6.9	7.5	6.9

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

NOTE: Detail for the above race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups. Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

Table A-3. Employment status of the civilian population 25 years and over by educational attainment

(Numbers in thousands)

Educational attainment	Not seasonally adjusted			Seasonally adjusted[1]					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
Less than a high school diploma									
Civilian noninstitutional population	30,477	29,566	29,981	30,477	29,350	29,046	29,505	29,566	29,981
Civilian labor force	12,693	12,560	12,695	12,666	12,555	12,468	12,511	12,555	12,682
Percent of population	41.6	42.5	42.3	41.6	42.8	42.9	42.4	42.5	42.3
Employed	11,371	11,599	11,630	11,533	11,548	11,502	11,575	11,606	11,771
Employment-population ratio	37.3	39.2	38.8	37.8	39.3	39.6	39.2	39.3	39.3
Unemployed	1,321	962	1,065	1,133	1,007	966	936	949	911
Unemployment rate	10.4	7.7	8.4	8.9	8.0	7.7	7.5	7.6	7.2
High school graduates, no college[2]									
Civilian noninstitutional population	57,422	57,631	57,606	57,422	57,483	57,459	57,310	57,631	57,606
Civilian labor force	37,724	37,940	37,649	37,832	37,585	37,759	37,641	37,827	37,787
Percent of population	65.7	65.8	65.4	65.9	65.4	65.7	65.7	65.6	65.6
Employed	35,718	36,444	35,867	36,157	36,003	36,179	36,193	36,287	36,303
Employment-population ratio	62.2	63.2	62.3	63.0	62.6	63.0	63.2	63.0	63.0
Unemployed	2,006	1,497	1,782	1,675	1,582	1,580	1,448	1,540	1,485
Unemployment rate	5.3	3.9	4.7	4.4	4.2	4.2	3.8	4.1	3.9
Less than a bachelor's degree[3]									
Civilian noninstitutional population	41,145	42,085	41,718	41,145	42,075	42,613	42,417	42,085	41,718
Civilian labor force	30,862	31,440	31,012	31,229	31,401	31,328	31,544	31,506	31,440
Percent of population	75.0	74.7	74.3	75.9	74.6	73.5	74.4	74.9	75.4
Employed	29,663	30,464	29,911	30,125	30,382	30,410	30,574	30,484	30,429
Employment-population ratio	72.1	72.4	71.7	73.2	72.2	71.4	72.1	72.4	72.9
Unemployed	1,199	976	1,101	1,104	1,019	918	970	1,022	1,011
Unemployment rate	3.9	3.1	3.5	3.5	3.2	2.9	3.1	3.2	3.2
College graduates									
Civilian noninstitutional population	40,447	41,822	41,974	40,447	41,769	41,698	41,739	41,822	41,974
Civilian labor force	32,558	33,739	33,671	32,558	33,577	33,510	33,505	33,678	33,685
Percent of population	80.5	80.7	80.2	80.5	80.4	80.4	80.3	80.5	80.3
Employed	31,846	33,204	33,007	31,868	32,891	32,868	32,916	33,083	33,040
Employment-population ratio	78.7	79.4	78.6	78.8	78.7	78.8	78.9	79.1	78.7
Unemployed	712	535	664	690	686	642	589	595	645
Unemployment rate	2.2	1.6	2.0	2.1	2.0	1.9	1.8	1.8	1.9

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

[2] Includes high school diploma or equivalent.

[3] Includes the categories, some college, no degree; and associate degree.

NOTE: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

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Table A-4. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1987	Dec. 1987	Jan. 1988	Jan. 1987	Sept. 1987	Oct. 1987	Nov. 1987	Dec. 1987	Jan. 1988
CHARACTERISTIC									
Total employed, 16 years and over	128,384	130,785	128,882	128,541	129,761	129,910	130,575	130,777	131,083
Married men, spouse present	42,308	43,049	42,461	42,815	42,846	42,771	42,967	42,962	42,977
Married women, spouse present	32,531	33,286	32,586	32,717	32,946	32,978	32,840	32,975	32,793
Women who maintain families	7,433	7,706	7,875	7,536	7,878	7,865	7,726	7,822	7,784
OCCUPATION									
Managerial and professional specialty	37,357	38,416	38,036	37,416	37,880	37,844	37,986	38,205	38,099
Technical, sales, and administrative support	37,744	38,791	38,037	38,082	38,535	38,537	38,540	38,562	38,382
Service occupations	16,793	17,738	17,708	17,206	17,746	17,723	17,827	17,890	18,162
Precision production, craft, and repair	13,610	14,213	14,027	13,878	13,859	14,051	14,191	14,299	14,285
Operators, fabricators, and laborers	17,854	18,485	18,179	18,304	18,302	18,385	18,467	18,394	18,622
Farming, forestry, and fishing	3,027	3,132	2,895	3,519	3,483	3,438	3,512	3,472	3,355
CLASS OF WORKER									
Agriculture:									
Wage and salary workers	1,648	1,653	1,651	1,955	1,889	1,815	1,855	1,844	1,949
Self-employed workers	1,335	1,405	1,347	1,444	1,495	1,475	1,493	1,496	1,348
Unpaid family workers	54	45	40	60	44	55	49	54	44
Nonagricultural industries:									
Wage and salary workers	113,981	118,728	117,028	115,431	117,303	117,635	118,083	118,403	118,529
Government	18,311	18,382	18,495	18,247	18,109	18,075	18,170	18,248	18,421
Private industries	95,670	100,346	98,533	97,184	99,194	99,560	99,913	100,155	100,108
Private households	941	980	945	985	877	877	910	946	985
Other industries	94,729	99,366	97,588	96,199	98,317	98,683	99,003	99,209	99,123
Self-employed workers	9,219	8,859	8,803	9,399	8,949	8,930	9,004	8,886	8,954
Unpaid family workers	148	96	114	166	83	92	97	99	131
PERSONS AT WORK PART TIME									
All industries:									
Part time for economic reasons	4,541	3,889	4,299	4,319	3,928	3,913	3,890	3,855	4,082
Slack work or business conditions	2,735	2,323	2,611	2,391	2,187	2,211	2,221	2,230	2,282
Could only find part-time work	1,474	1,240	1,315	1,584	1,455	1,406	1,386	1,323	1,400
Part time for noneconomic reasons	18,450	19,557	18,756	18,210	17,801	18,113	18,083	18,386	18,515
Nonagricultural industries:									
Part time for economic reasons	4,336	3,644	4,080	4,099	3,739	3,732	3,689	3,654	3,865
Slack work or business conditions	2,603	2,188	2,476	2,273	2,087	2,103	2,100	2,113	2,182
Could only find part-time work	1,447	1,216	1,295	1,527	1,417	1,378	1,346	1,291	1,373
Part time for noneconomic reasons	17,879	18,946	18,202	17,575	17,381	17,537	17,486	17,791	17,898

NOTE: 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. Beginning in January 1988, data reflect new composite estimation procedures and revised population controls used in the household survey.

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Table A-5. Selected unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)			Unemployment rates[1]					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
CHARACTERISTIC									
Total, 16 years and over	7,188	6,392	6,409	5.3	4.9	4.8	4.6	4.7	4.7
Men, 20 years and over	3,093	2,885	2,644	4.5	4.1	4.1	3.9	4.1	3.8
Women, 20 years and over	2,754	2,369	2,612	4.7	4.3	4.1	4.0	4.0	4.4
Both sexes, 16 to 19 years	1,341	1,138	1,154	16.9	16.4	15.5	15.2	14.3	14.1
Married men, spouse present	1,244	1,151	1,141	2.8	2.6	2.6	2.4	2.6	2.6
Married women, spouse present	1,132	960	1,033	3.3	3.1	2.8	2.8	2.8	3.1
Women who maintain families	722	653	638	8.7	7.8	7.8	8.1	7.7	7.6
Full-time workers	5,774	5,203	5,075	5.2	4.7	4.7	4.4	4.6	4.5
Part-time workers	1,415	1,238	1,339	5.7	5.5	5.3	5.4	5.0	5.4
OCCUPATION[2]									
Managerial and professional specialty	821	735	779	2.1	2.0	1.8	1.7	1.9	2.0
Technical, sales, and administrative support	1,757	1,588	1,677	4.4	4.0	3.9	3.9	4.0	4.2
Precision production, craft, and repair	744	708	685	5.1	4.8	5.3	4.5	4.7	4.6
Operators, fabricators, and laborers	1,568	1,375	1,168	7.9	7.8	7.1	7.1	7.0	5.9
Farming, forestry, and fishing	279	268	246	7.3	6.7	7.3	6.6	7.2	6.8
INDUSTRY									
Nonagricultural private wage and salary workers	5,514	5,030	4,945	5.4	5.0	4.8	4.7	4.8	4.7
Goods-producing industries	1,674	1,449	1,405	5.8	5.2	5.0	4.6	5.0	4.8
Mining	31	22	26	5.3	3.4	4.5	3.3	3.3	4.0
Construction	675	621	556	9.8	8.7	8.7	7.9	8.9	7.9
Manufacturing	968	806	823	4.6	4.1	3.8	3.6	3.8	3.9
Durable goods	549	390	432	4.3	3.3	3.1	3.1	3.1	3.4
Nondurable goods	419	416	390	5.0	5.3	4.8	4.4	4.9	4.5
Service-producing industries	3,840	3,581	3,541	5.2	4.9	4.7	4.7	4.7	4.7
Transportation and public utilities	285	251	298	4.0	3.8	3.3	3.1	3.3	3.8
Wholesale and retail trade	1,655	1,555	1,569	6.4	6.2	6.1	6.2	5.8	5.9
Finance, insurance, and real estate	254	218	209	3.4	3.0	2.9	2.4	2.8	2.6
Services	1,646	1,557	1,465	4.9	4.6	4.3	4.4	4.5	4.3
Government workers	552	398	456	2.9	2.6	2.4	2.3	2.1	2.4
Agricultural wage and salary workers	187	199	230	8.7	9.0	9.6	8.6	9.7	10.6

[1] Unemployment as a percent of the civilian labor force.

[2] Seasonally adjusted unemployment data for service occupations are not available because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

NOTE: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

Table A-6. Duration of unemployment

(Numbers in thousands)

Duration	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
NUMBER OF UNEMPLOYED									
Less than 5 weeks	3,352	2,243	3,132	2,678	2,484	2,558	2,423	2,531	2,488
5 to 14 weeks	2,329	1,949	2,036	2,251	2,115	1,912	2,048	1,922	1,971
15 weeks and over	2,252	1,765	1,899	2,150	2,109	1,990	1,885	1,964	1,811
15 to 26 weeks	1,029	832	825	964	1,031	919	899	936	773
27 weeks and over	1,223	933	1,074	1,186	1,078	1,071	986	1,028	1,038
Average (mean) duration, in weeks	15.3	16.0	14.9	15.9	15.9	16.3	15.6	16.3	15.6
Median duration, in weeks	7.4	7.4	6.9	7.9	8.1	7.7	7.8	7.7	7.4
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	42.3	37.7	44.3	37.8	37.0	39.6	38.2	39.4	39.7
5 to 14 weeks	29.4	32.7	28.8	31.8	31.5	29.6	32.3	30.0	31.4
15 weeks and over	28.4	29.6	26.9	30.4	31.4	30.8	29.4	30.6	28.9
15 to 26 weeks	13.0	14.0	11.7	13.6	15.4	14.2	14.2	14.6	12.3
27 weeks and over	15.4	15.7	15.2	16.8	16.1	16.6	15.2	16.0	16.6

NOTE: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

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Table A-7. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
NUMBER OF UNEMPLOYED									
Job losers and persons who completed temporary jobs	4,027	3,051	3,556	3,191	3,007	2,934	2,886	2,981	2,807
On temporary layoff	1,502	1,053	1,362	953	893	963	815	951	860
Not on temporary layoff	2,526	1,998	2,195	2,238	2,114	1,971	2,071	2,030	1,947
Permanent job losers	1,666	1,355	1,485	(1)	(1)	(1)	(1)	(1)	(1)
Persons who completed temporary jobs	860	643	709	(1)	(1)	(1)	(1)	(1)	(1)
Job leavers	858	634	811	861	853	732	655	692	806
Reentrants	2,525	1,846	2,253	2,469	2,263	2,247	2,229	2,170	2,229
New entrants	523	423	440	596	560	556	560	552	518
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	50.6	51.2	50.3	44.6	46.0	45.4	45.6	46.7	44.1
On temporary layoff	18.9	17.7	19.3	13.3	13.4	14.9	12.9	15.0	13.5
Not on temporary layoff	31.8	33.5	31.0	31.3	31.6	30.6	32.7	31.7	30.6
Job leavers	10.8	10.6	11.5	12.0	12.8	11.3	10.3	10.8	12.7
Reentrants	31.8	31.0	31.9	35.0	33.9	34.7	35.2	33.9	35.0
New entrants	6.6	7.1	6.3	8.3	8.4	8.6	8.8	8.6	8.1
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE									
Job losers and persons who completed temporary jobs	3.0	2.2	2.6	2.4	2.2	2.2	2.1	2.2	2.0
Job leavers	.6	.5	.6	.6	.6	.5	.6	.5	.6
Reentrants	1.9	1.4	1.7	1.8	1.7	1.6	1.6	1.6	1.6
New entrants	.4	.3	.3	.4	.4	.4	.4	.4	.4

[1] Not available.

NOTE: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

Table A-8. Range of alternative measures of labor underutilization

(Percent)

Measure	Not seasonally adjusted			Seasonally adjusted					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.7	1.3	1.4	1.6	1.5	1.5	1.4	1.4	1.3
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	3.0	2.2	2.6	2.4	2.2	2.2	2.1	2.2	2.0
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	5.9	4.4	5.2	5.3	4.9	4.8	4.6	4.7	4.7
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	6.2	4.6	5.5	(1)	(1)	(1)	(1)	(1)	(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	7.0	5.4	6.2	(1)	(1)	(1)	(1)	(1)	(1)
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	10.4	8.2	9.3	(1)	(1)	(1)	(1)	(1)	(1)

[1] Not available.

NOTE: This range of alternative measures of labor underutilization replaces the U1-U7 range published in table A-7 of this release prior to 1994. 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. For further information, see "BLS introduces new range of alternative unemployment measures," in the October 1996 issue of the *Monthly Labor Review*. Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

Table A-9. Unemployed persons by sex and age, seasonally adjusted

Age and sex	Number of unemployed persons (in thousands)			Unemployment rates[1]					
	Jan. 1997	Dec. 1997	Jan. 1998	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997	Jan. 1998
Total, 16 years and over	7,188	6,392	6,409	5.3	4.9	4.8	4.6	4.7	4.7
16 to 24 years	2,591	2,300	2,371	12.0	11.2	11.1	10.9	10.6	10.8
16 to 19 years	1,341	1,138	1,154	16.9	16.4	15.5	15.2	14.3	14.1
16 to 17 years	571	576	596	17.8	19.3	17.5	17.6	17.7	17.3
18 to 19 years	762	555	549	16.2	14.5	14.1	13.6	11.7	11.6
20 to 24 years	1,250	1,162	1,218	9.2	8.2	8.5	8.4	8.5	8.9
25 years and over	4,564	4,149	4,019	4.0	3.7	3.6	3.4	3.6	3.5
25 to 54 years	4,084	3,659	3,588	4.2	3.8	3.7	3.5	3.7	3.6
55 years and over	504	480	459	3.1	3.1	2.8	2.8	2.8	2.7
Men, 16 years and over	3,843	3,467	3,333	5.3	4.8	4.8	4.5	4.7	4.5
16 to 24 years	1,440	1,250	1,278	12.7	12.0	12.0	11.6	11.1	11.2
16 to 19 years	750	582	689	18.3	17.2	16.3	15.8	14.2	16.4
16 to 17 years	336	310	330	20.3	18.8	18.2	18.2	18.4	18.3
18 to 19 years	412	268	357	16.9	16.1	14.8	14.1	11.1	14.9
20 to 24 years	690	668	588	9.5	9.1	9.5	9.3	9.3	8.1
25 years and over	2,393	2,213	2,050	3.9	3.5	3.5	3.2	3.5	3.3
25 to 54 years	2,124	1,898	1,785	4.0	3.6	3.6	3.3	3.6	3.4
55 years and over	293	325	289	3.2	3.0	3.0	2.9	3.4	3.1
Women, 16 years and over	3,345	2,925	3,076	5.3	5.0	4.7	4.7	4.6	4.8
16 to 24 years	1,151	1,050	1,094	11.3	10.4	10.1	10.1	10.2	10.4
16 to 19 years	591	556	464	15.4	15.5	14.7	14.7	14.3	11.6
16 to 17 years	235	266	266	15.1	19.8	16.7	17.0	17.0	16.3
18 to 19 years	350	287	191	15.4	12.8	13.4	13.0	12.4	8.2
20 to 24 years	560	494	629	8.9	7.3	7.4	7.4	7.6	9.7
25 years and over	2,171	1,936	1,969	4.1	4.0	3.7	3.6	3.6	3.7
25 to 54 years	1,960	1,763	1,802	4.3	4.1	3.8	3.8	3.9	3.9
55 years and over	211	155	170	2.9	3.2	2.7	2.6	2.1	2.3

[1] Unemployment as a percent of the civilian labor force.

NOTE: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

Table A-10. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted

(Numbers in thousands)

Category	Total		Men		Women	
	Jan. 1997	Jan. 1998	Jan. 1997	Jan. 1998	Jan. 1997	Jan. 1998
NOT IN THE LABOR FORCE						
Total not in the labor force	67,968	68,267	25,147	25,426	42,821	42,861
Persons who currently want a job	5,164	5,026	2,204	2,190	2,960	2,836
Searched for work and available to work now[1]	1,615	1,479	818	734	797	745
Reason not currently looking:						
Discouragement over job prospects[2]	397	374	268	232	129	142
Reasons other than discouragement[3]	1,218	1,105	550	502	668	603
MULTIPLE JOBHOLDERS						
Total multiple jobholders[4]	7,572	7,702	4,076	3,995	3,496	3,707
Percent of total employed	6.0	6.0	6.0	5.8	6.0	6.2
Primary job full time, secondary job part time	4,270	4,238	2,540	2,448	1,730	1,790
Primary and secondary jobs both part time	1,638	1,644	526	469	1,113	1,175
Primary and secondary jobs both full time	210	289	154	200	56	69
Hours vary on primary or secondary job	1,427	1,514	845	861	582	653

[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.

[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.

[3] Includes those who did not actively look for work in the prior 4 weeks for such reasons as child-care 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: Beginning in January 1998, data reflect new composite estimation procedures and revised population controls used in the household survey.

ESTABLISHMENT DATA

Table B-1. Employees on nonfarm payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Jan. 1997	Nov. 1997	Dec. 1997[p]	Jan. 1998[p]	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997[p]	Jan. 1998[p]
Total	118,903	124,531	124,899	122,125	120,909	122,792	123,083	123,512	123,867	124,225
Total private	99,448	104,346	104,563	102,426	101,380	103,078	103,334	103,749	104,095	104,444
Goods-producing	23,961	25,088	24,901	24,482	24,581	24,771	24,814	24,888	24,988	25,123
Mining	580	576	572	562	574	576	574	572	574	574
Metal mining	53.7	53.1	53.1	52.6	55	54	53	54	54	53
Coal mining	93.4	90.4	90.1	89.8	94	91	91	90	90	90
Oil and gas extraction	314.5	323.8	324.0	321.4	317	323	323	322	322	324
Nonmetallic minerals, except fuels	98.6	108.2	105.1	98.2	108	108	107	108	108	107
Construction	5,070	5,817	5,635	5,337	5,542	5,642	5,650	5,682	5,742	5,834
General building contractors	1,219.5	1,346.0	1,333.1	1,288.3	1,287	1,305	1,311	1,327	1,342	1,360
Heavy construction, except building	640.8	791.9	724.4	645.8	774	762	758	759	772	780
Special trade contractors	3,209.6	3,679.0	3,577.7	3,402.5	3,481	3,575	3,581	3,596	3,628	3,694
Manufacturing	18,331	18,695	18,694	18,583	18,465	18,553	18,590	18,634	18,672	18,715
Production workers	12,642	12,935	12,931	12,831	12,758	12,818	12,851	12,882	12,913	12,943
Durable goods	10,761	11,055	11,074	11,030	10,821	10,952	10,985	11,020	11,047	11,089
Production workers	7,364	7,598	7,614	7,571	7,417	7,518	7,545	7,570	7,592	7,622
Lumber and wood products	774.0	805.8	804.7	793.6	789	798	800	800	807	810
Furniture and fixtures	505.6	514.7	517.2	516.0	506	508	509	511	513	515
Stone, clay, and glass products	521.7	545.6	538.7	525.3	543	541	543	542	544	546
Primary metal industries	708.5	718.3	720.5	719.4	708	713	716	716	717	718
Blast furnaces and basic steel products	237.0	237.0	236.7	235.8	(1)	(1)	(1)	(1)	(1)	(1)
Fabricated metal products	1,456.2	1,491.8	1,494.3	1,491.5	1,460	1,477	1,482	1,485	1,488	1,496
Industrial machinery and equipment	2,124.5	2,178.5	2,187.5	2,191.6	2,126	2,168	2,176	2,184	2,186	2,193
Computer and office equipment	366.8	384.1	386.0	386.5	367	384	386	384	386	387
Electronic and other electrical equipment	1,644.0	1,680.3	1,685.5	1,684.8	1,645	1,663	1,666	1,673	1,678	1,686
Electronic components and accessories	609.0	647.1	651.6	653.2	610	639	644	647	651	655
Transportation equipment	1,793.1	1,871.7	1,878.7	1,864.8	1,802	1,840	1,849	1,868	1,867	1,873
Motor vehicles and equipment	957.7	993.8	996.9	983.3	966	973	977	995	987	991
Aircraft and parts	483.0	524.2	526.8	527.1	483	515	518	521	525	527
Instruments and related products	852.7	861.0	862.4	861.9	854	858	859	860	862	864
Miscellaneous manufacturing	381.1	387.6	384.9	381.1	388	386	385	381	385	386
Nondurable goods	7,570	7,640	7,620	7,553	7,644	7,601	7,605	7,614	7,625	7,626
Production workers	5,278	5,337	5,317	5,260	5,341	5,300	5,306	5,312	5,321	5,321
Food and kindred products	1,652.9	1,708.8	1,691.1	1,666.2	1,695	1,688	1,690	1,701	1,705	1,707
Tobacco products	43.8	43.7	43.4	41.5	41	40	41	42	40	39
Textile mill products	611.9	603.3	603.5	597.2	615	605	604	602	604	601
Apparel and other textile products	823.8	800.9	792.9	779.9	835	803	800	796	795	790
Paper and allied products	675.4	677.1	677.7	675.7	678	675	675	676	677	678
Printing and publishing	1,530.6	1,556.3	1,563.6	1,551.4	1,534	1,547	1,548	1,551	1,554	1,556
Chemicals and allied products	1,023.3	1,026.3	1,026.2	1,023.5	1,028	1,026	1,028	1,028	1,028	1,026
Petroleum and coal products	135.3	138.0	135.4	134.2	139	138	137	137	138	138
Rubber and misc. plastics products	980.0	995.7	997.8	997.0	985	990	993	992	996	1,002
Leather and leather products	93.1	89.5	88.2	86.6	94	89	89	89	88	87
Service-producing	94,942	99,443	99,798	97,643	96,328	98,021	98,269	98,624	98,879	99,102
Transportation and public utilities	6,296	6,542	6,547	6,460	6,351	6,473	6,497	6,495	6,470	6,519
Transportation	4,080	4,287	4,291	4,208	4,121	4,232	4,247	4,243	4,213	4,253
Railroad transportation	224.2	229.7	229.8	229.0	228	227	226	229	230	233
Local and interurban passenger transit	461.9	475.1	477.0	472.4	452	457	458	459	461	463
Trucking and warehousing	1,621.4	1,720.0	1,711.0	1,669.1	1,656	1,708	1,710	1,702	1,697	1,707
Water transportation	167.5	173.9	170.6	165.1	175	176	178	177	175	172
Transportation by air	1,166.6	1,233.9	1,249.4	1,221.2	1,168	1,211	1,221	1,222	1,196	1,223
Pipelines, except natural gas	14.2	14.2	14.2	14.2	14	14	14	14	14	14
Transportation services	424.3	439.7	439.3	437.1	428	439	440	440	440	441
Communications and public utilities	2,216	2,255	2,256	2,252	2,230	2,241	2,250	2,252	2,257	2,266
Communications	1,344.3	1,394.1	1,394.9	1,395.3	1,354	1,376	1,385	1,390	1,396	1,405
Electric, gas, and sanitary services	871.4	860.5	860.6	856.8	876	865	865	862	862	861
Wholesale trade	6,514	6,741	6,748	6,718	6,570	6,687	6,712	6,729	6,746	6,776
Durable goods	3,843	3,992	4,006	4,003	3,863	3,962	3,978	3,993	4,006	4,024
Nondurable goods	2,671	2,749	2,742	2,715	2,707	2,725	2,734	2,736	2,740	2,752

See footnotes at end of table.

Table B-1. Employees on nonfarm payrolls by industry – Continued

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Jan. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p
Retail trade	21,514	22,752	23,131	22,091	21,917	22,215	22,258	22,403	22,472	22,496
Building materials and garden supplies	863.7	927.7	925.2	893.1	914	926	926	934	936	945
General merchandise stores	2,759.8	3,079.5	3,195.2	2,897.7	2,757	2,818	2,824	2,868	2,884	2,897
Department stores	2,416.1	2,709.7	2,792.3	2,540.1	2,420	2,469	2,474	2,522	2,530	2,561
Food stores	3,454.3	3,556.5	3,590.3	3,517.3	3,474	3,507	3,520	3,521	3,523	3,534
Automotive dealers and service stations	2,276.8	2,334.6	2,327.9	2,312.9	2,307	2,331	2,336	2,338	2,339	2,342
New and used car dealers	1,044.4	1,061.1	1,056.8	1,056.1	1,051	1,057	1,060	1,062	1,060	1,062
Apparel and accessory stores	1,109.8	1,157.4	1,210.9	1,116.9	1,107	1,102	1,108	1,111	1,108	1,114
Furniture and home furnishings stores	1,026.5	1,086.4	1,115.8	1,078.8	1,020	1,049	1,055	1,062	1,070	1,072
Eating and drinking places	7,227.4	7,596.5	7,638.9	7,363.7	7,552	7,626	7,626	7,669	7,690	7,695
Miscellaneous retail establishments	2,795.8	3,013.4	3,126.9	2,910.2	2,786	2,856	2,863	2,900	2,922	2,897
Finance, insurance, and real estate	6,917	7,109	7,135	7,122	6,971	7,082	7,108	7,132	7,154	7,176
Finance	3,345	3,449	3,471	3,475	3,351	3,427	3,444	3,457	3,470	3,482
Depository institutions	2,029.9	2,053.8	2,064.5	2,063.4	2,032	2,048	2,052	2,058	2,064	2,065
Commercial banks	1,476.1	1,496.6	1,502.7	1,501.8	1,478	1,491	1,495	1,500	1,502	1,504
Savings institutions	254.8	249.5	252.1	252.4	255	251	250	250	253	253
Nondepository institutions	532.8	555.8	560.5	562.1	533	554	559	558	559	562
Mortgage bankers and brokers	239.5	249.8	250.6	251.2	239	249	252	252	251	250
Security and commodity brokers	569.5	609.0	613.1	615.9	572	600	605	610	614	619
Holding and other investment offices	212.4	230.3	232.4	233.8	214	225	226	231	233	236
Insurance	2,212	2,245	2,256	2,254	2,218	2,232	2,239	2,247	2,259	2,259
Insurance carriers	1,501.5	1,520.5	1,528.6	1,527.3	1,505	1,511	1,516	1,521	1,531	1,531
Insurance agents, brokers, and service	710.8	724.1	727.3	726.7	713	721	723	726	728	728
Real estate	1,360	1,415	1,408	1,393	1,402	1,423	1,425	1,428	1,425	1,435
Services[2]	34,246	36,114	36,101	35,553	34,990	35,850	35,945	36,102	36,285	36,354
Agricultural services	543.0	682.1	623.5	573.1	647	680	684	687	679	684
Hotels and other lodging places	1,634.6	1,694.2	1,680.1	1,653.5	1,743	1,756	1,765	1,763	1,754	1,761
Personal services	1,238.1	1,163.4	1,168.6	1,231.2	1,195	1,187	1,188	1,197	1,185	1,187
Business services	7,298.4	7,960.3	7,973.7	7,751.3	7,476	7,732	7,759	7,832	7,913	7,942
Services to buildings	878.8	903.2	901.7	892.3	893	902	902	903	906	905
Personnel supply services	2,594.9	2,926.0	2,912.2	2,706.3	2,743	2,762	2,770	2,819	2,864	2,854
Help supply services	2,290.2	2,577.6	2,557.9	2,367.3	2,427	2,423	2,427	2,484	2,514	2,498
Computer and data processing services	1,270.3	1,402.6	1,421.5	1,437.5	1,268	1,375	1,387	1,401	1,419	1,435
Auto repair, services, and parking	1,102.1	1,149.7	1,151.8	1,148.2	1,117	1,145	1,148	1,153	1,157	1,163
Miscellaneous repair services	374.1	389.9	389.7	384.7	380	388	388	389	391	391
Motion pictures	528.5	548.7	565.7	555.1	530	549	550	551	564	557
Amusement and recreation services	1,272.5	1,415.5	1,425.1	1,368.6	1,490	1,568	1,563	1,583	1,600	1,609
Health services	9,562.0	9,779.0	9,804.0	9,780.9	9,586	9,731	9,750	9,771	9,791	9,805
Offices and clinics of medical doctors	1,707.5	1,770.4	1,784.2	1,781.4	1,713	1,754	1,763	1,773	1,779	1,787
Nursing and personal care facilities	1,744.7	1,770.5	1,770.9	1,757.8	1,750	1,764	1,766	1,767	1,768	1,763
Hospitals	3,833.7	3,910.7	3,919.8	3,923.7	3,841	3,892	3,900	3,910	3,918	3,931
Home health care services	674.6	687.0	682.0	671.1	677	684	682	683	680	674
Legal services	937.3	967.1	971.4	969.5	942	962	963	968	973	974
Educational services	1,998.3	2,286.9	2,235.1	2,064.9	2,042	2,105	2,110	2,118	2,122	2,112
Social services	2,419.4	2,521.9	2,530.0	2,516.5	2,432	2,502	2,507	2,511	2,524	2,534
Child day care services	582.9	611.6	611.0	608.2	578	597	594	594	599	604
Residential care	680.6	709.1	715.3	715.2	684	707	709	711	716	719
Museums and botanical and zoological gardens	79.0	86.5	85.5	79.9	87	88	88	89	88	88
Membership organizations	2,155.5	2,187.4	2,196.7	2,172.6	2,192	2,202	2,204	2,199	2,208	2,210
Engineering and management services	2,889.0	3,064.5	3,083.1	3,087.4	2,916	3,038	3,061	3,074	3,098	3,120
Engineering and architectural services	847.5	894.5	899.0	896.3	857	886	891	893	902	906
Management and public relations	899.3	979.1	989.4	989.3	913	969	976	979	993	1,005
Services, nec	46.9	49.6	49.4	48.2	(1)	(1)	(1)	(1)	(1)	(1)
Government	19,455	20,185	20,136	19,699	19,529	19,714	19,749	19,763	19,772	19,781
Federal	2,703	2,679	2,721	2,664	2,723	2,680	2,687	2,694	2,690	2,684
Federal, except Postal Service	1,837.1	1,810.9	1,803.9	1,790.5	1,862	1,824	1,832	1,826	1,819	1,816
State	4,560	4,806	4,750	4,601	4,621	4,662	4,663	4,673	4,668	4,665
Education	1,891.1	2,125.1	2,074.4	1,921.3	1,928	1,962	1,962	1,967	1,965	1,961
Other State government	2,668.8	2,681.3	2,675.8	2,679.5	2,693	2,700	2,701	2,706	2,703	2,704
Local	12,192	12,700	12,665	12,434	12,185	12,372	12,399	12,398	12,414	12,432
Education	6,968.1	7,329.1	7,305.7	7,110.2	6,831	6,957	6,963	6,964	6,963	6,974
Other local government	5,223.6	5,370.8	5,359.1	5,324.2	5,354	5,415	5,436	5,432	5,451	5,458

1 This series is not published seasonally adjusted because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

2 Includes other industries, not shown separately.

p = preliminary.

 ESTABLISHMENT DATA

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

Industry	Not seasonally adjusted				Seasonally adjusted					
	Jan. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p
Total private	33.9	34.8	34.7	34.2	34.4	34.5	34.5	34.6	34.6	34.8
Goods-producing	40.4	41.4	42.0	40.8	41.1	41.2	41.3	41.2	41.4	41.5
Mining	44.2	45.7	45.1	44.9	44.7	45.1	45.2	45.6	44.8	45.4
Construction	36.4	37.8	38.4	37.3	38.6	38.9	38.8	38.1	38.8	39.7
Manufacturing	41.5	42.6	43.1	41.8	41.8	41.9	42.0	42.1	42.2	42.1
Overtime hours	4.5	5.2	5.4	4.7	4.7	4.7	4.8	4.9	4.9	4.9
Durable goods	42.3	43.3	43.9	42.5	42.5	42.6	42.8	42.9	43.0	42.8
Overtime hours	4.8	5.5	5.8	5.0	5.0	5.0	5.1	5.2	5.2	5.2
Lumber and wood products	39.6	41.4	41.2	40.1	40.7	40.9	41.1	41.2	41.0	41.2
Furniture and fixtures	39.3	41.2	42.1	40.9	39.8	40.2	40.0	40.5	40.7	41.5
Stone, clay, and glass products	40.9	43.1	43.5	42.2	42.6	43.1	43.1	42.9	43.7	43.9
Primary metal industries	44.5	45.5	46.1	45.3	44.4	44.9	45.1	45.3	45.3	45.3
Blast furnaces and basic steel products	44.7	45.5	46.1	45.8	44.7	45.1	45.3	45.3	45.6	45.9
Fabricated metal products	42.1	43.3	44.0	42.6	42.4	42.4	42.6	42.6	42.9	42.7
Industrial machinery and equipment	43.3	44.0	44.8	43.6	43.2	43.4	43.4	43.8	43.6	43.5
Electronic and other electrical equipment	41.2	42.6	43.1	41.5	41.3	41.7	41.8	42.0	42.0	41.6
Transportation equipment	44.6	44.5	45.7	43.6	44.7	43.9	44.4	44.0	44.7	43.6
Motor vehicles and equipment	45.5	44.8	46.3	43.4	45.6	44.1	45.0	44.3	45.0	43.4
Instruments and related products	41.7	42.6	42.9	41.7	41.6	42.0	41.9	42.2	41.8	41.6
Miscellaneous manufacturing	39.6	41.2	41.3	40.2	39.9	40.3	40.2	40.5	40.7	40.5
Nondurable goods	40.5	41.5	41.8	40.8	40.7	40.9	40.8	41.1	41.1	41.1
Overtime hours	4.0	4.7	4.7	4.2	4.2	4.3	4.4	4.5	4.5	4.4
Food and kindred products	40.7	42.2	42.3	41.0	41.2	41.2	41.2	41.6	41.6	41.5
Tobacco products	39.2	39.5	41.3	38.0	39.9	38.1	38.7	39.3	40.3	38.6
Textile mill products	41.0	41.9	42.1	41.3	41.2	41.4	41.3	41.5	41.7	41.5
Apparel and other textile products	36.9	37.6	38.1	37.3	37.2	37.3	37.2	37.1	37.5	37.6
Paper and allied products	43.8	44.4	44.7	43.7	43.7	43.7	43.7	44.1	43.8	43.6
Printing and publishing	37.8	39.2	39.3	38.0	38.3	38.7	38.7	38.8	38.7	38.5
Chemicals and allied products	43.1	43.7	43.9	43.3	43.2	43.4	43.2	43.4	43.0	43.4
Petroleum and coal products	45.0	43.4	42.2	43.4	(2)	(2)	(2)	(2)	(2)	(2)
Rubber and misc. plastics products	41.4	42.5	43.3	42.3	41.4	41.6	41.8	42.2	42.4	42.3
Leather and leather products	37.7	38.5	38.8	37.7	38.4	38.4	38.6	38.0	38.3	38.3
Service-producing	32.2	33.0	32.9	32.4	32.7	32.8	32.8	33.1	32.8	33.0
Transportation and public utilities	38.6	40.3	39.8	39.5	39.5	39.9	39.8	40.2	39.7	40.1
Wholesale trade	37.9	38.7	38.4	38.1	38.2	38.3	38.3	38.7	38.2	38.4
Retail trade	28.0	28.8	29.2	28.1	28.8	28.8	28.9	28.9	28.9	29.0
Finance, insurance, and real estate	35.7	36.7	35.8	35.9	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.0	32.8	32.6	32.4	(2)	(2)	(2)	(2)	(2)	(2)

[1] Data relate to production workers in mining and manufacturing; construction workers in construction; and nonsupervisory workers in transportation and public utilities; wholesale and retail trade; finance, insurance, and real estate; and services. These groups account for approximately four-fifths of the total employees on private nonfarm payrolls.

[2] These series are not published seasonally adjusted because the seasonal component, which is small relative to the trend-cycle and irregular components, cannot be separated with sufficient precision.

p = preliminary.

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

Industry	Average hourly earnings				Average weekly earnings			
	Jan. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p	Jan. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p
Total private	$12.11	$12.51	$12.51	$12.58	$410.53	$435.35	$434.10	$430.24
Seasonally adjusted	12.05	12.48	12.47	12.51	414.52	434.30	431.46	435.35
Goods-producing	13.68	14.11	14.20	14.11	552.67	584.15	598.40	575.69
Mining	16.18	16.38	16.47	16.70	715.16	748.57	742.80	749.83
Construction	15.73	16.25	16.34	16.24	572.57	614.25	627.46	605.75
Manufacturing	13.04	13.37	13.48	13.42	541.16	569.56	580.99	560.96
Durable goods	13.62	13.97	14.07	13.96	576.13	604.90	617.67	593.30
Lumber and wood products	10.58	10.90	10.93	10.85	418.97	451.26	450.32	435.09
Furniture and fixtures	10.38	10.70	10.79	10.77	407.93	440.84	454.26	440.49
Stone, clay, and glass products	12.99	13.36	13.39	13.36	531.29	575.82	582.47	563.79
Primary metal industries	15.12	15.39	15.41	15.48	672.84	700.25	710.40	701.24
Blast furnaces and basic steel products	17.71	18.25	18.10	18.39	791.64	830.38	834.41	842.26
Fabricated metal products	12.75	12.97	13.09	13.02	536.78	561.60	575.96	554.65
Industrial machinery and equipment	13.91	14.29	14.39	14.34	602.30	628.76	644.67	625.22
Electronic and other electrical equipment	12.46	13.00	13.05	12.91	513.35	553.80	562.46	535.77
Transportation equipment	17.46	17.98	18.15	17.83	778.72	800.11	829.46	777.39
Motor vehicles and equipment	18.02	18.57	18.71	18.31	819.91	831.94	866.27	794.65
Instruments and related products	13.38	13.70	13.73	13.69	557.95	583.62	589.02	570.87
Miscellaneous manufacturing	10.59	10.72	10.83	10.82	419.36	441.66	447.28	434.96
Nondurable goods	12.20	12.48	12.59	12.60	494.10	517.92	526.26	514.08
Food and kindred products	11.41	11.60	11.73	11.70	464.39	489.52	496.18	479.70
Tobacco products	18.56	17.78	19.05	18.86	727.55	702.31	786.77	716.68
Textile mill products	9.93	10.15	10.24	10.25	407.13	425.29	431.10	423.33
Apparel and other textile products	8.12	8.33	8.43	8.45	299.63	313.21	321.18	315.19
Paper and allied products	14.84	15.24	15.30	15.20	649.99	676.66	683.91	664.24
Printing and publishing	12.86	13.25	13.30	13.29	486.11	519.40	522.69	505.02
Chemicals and allied products	16.37	16.85	16.91	16.93	705.55	736.35	742.35	733.07
Petroleum and coal products	20.13	20.40	20.55	20.44	905.85	885.36	867.21	887.10
Rubber and misc. plastics products	11.49	11.65	11.81	11.84	475.69	495.13	511.37	500.83
Leather and leather products	8.83	9.10	9.17	9.25	332.89	350.35	355.80	348.73
Service-producing	11.60	11.98	11.95	12.08	373.52	395.34	393.16	391.39
Transportation and public utilities	14.71	15.14	15.12	15.16	570.75	610.14	601.78	598.82
Wholesale trade	13.18	13.74	13.71	13.77	499.52	531.74	526.46	524.64
Retail trade	8.24	8.51	8.50	8.61	230.72	245.09	248.20	241.94
Finance, insurance, and real estate	12.99	13.69	13.58	13.63	463.74	502.42	486.16	489.32
Services	12.19	12.58	12.62	12.68	390.08	412.62	411.41	410.83

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

p = preliminary.

ESTABLISHMENT DATA

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

Industry	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p	Percent change from: Dec. 1997- Jan. 1998
Total private:							
Current dollars	$12.05	$12.35	$12.40	$12.48	$12.47	$12.51	0.3
Constant (1982) dollars[2]	7.46	7.56	7.58	7.62	7.61	N.A.	(3)
Goods-producing	13.73	13.97	14.07	14.11	14.16	14.16	.0
Mining	15.98	16.20	16.27	16.43	16.39	16.51	.7
Construction	15.73	16.08	16.12	16.22	16.36	16.24	-.7
Manufacturing	13.02	13.22	13.35	13.37	13.39	13.39	.0
Excluding overtime[4]	12.34	12.51	12.60	12.63	12.64	12.65	.1
Service-producing	11.49	11.81	11.85	11.94	11.91	11.96	.4
Transportation and public utilities	14.74	14.95	15.01	15.05	15.09	15.20	.7
Wholesale trade	13.12	13.54	13.57	13.73	13.69	13.68	-.1
Retail trade	8.19	8.42	8.46	8.50	8.50	8.55	.6
Finance, insurance, and real estate	12.95	13.47	13.54	13.64	13.56	13.59	.2
Services	12.05	12.36	12.41	12.50	12.49	12.53	.3

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 -.1 percent from November 1997 to December 1997, 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.

 ESTABLISHMENT DATA

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

(1982=100)

Industry	Not seasonally adjusted				Seasonally adjusted					
	Jan. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p	Jan. 1997	Sept. 1997	Oct. 1997	Nov. 1997	Dec. 1997p	Jan. 1998p
Total private	133.0	143.8	143.9	138.0	138.2	140.9	141.2	142.9	142.5	143.4
Goods-producing	106.6	115.7	116.0	110.3	112.0	113.3	113.6	113.9	115.0	116.1
Mining	52.7	56.8	55.8	54.3	54.8	56.1	56.1	56.2	55.7	56.5
Construction	127.2	155.4	151.7	137.3	151.0	154.2	153.5	152.2	156.6	163.6
Manufacturing	105.8	111.0	112.3	108.2	107.4	108.3	108.7	109.4	109.9	109.8
Durable goods	108.5	114.8	116.7	112.3	110.0	111.8	112.5	113.2	113.9	113.7
Lumber and wood products	133.1	145.5	144.5	138.4	140.3	142.1	143.0	143.6	144.6	146.0
Furniture and fixtures	123.8	132.5	136.2	132.2	125.1	127.6	127.3	129.6	130.5	134.1
Stone, clay, and glass products	99.8	111.5	110.6	104.0	108.9	110.0	110.5	110.0	112.3	113.1
Primary metal industries	93.2	97.2	98.8	96.8	93.1	95.0	95.9	96.5	96.5	96.7
Blast furnaces and basic steel products	73.1	74.7	75.7	74.9	73.4	74.1	74.0	74.0	74.5	75.0
Fabricated metal products	114.7	121.3	123.5	119.2	115.7	117.4	118.4	118.6	119.9	119.9
Industrial machinery and equipment	106.4	111.3	114.0	111.5	108.0	108.9	109.7	111.1	110.7	111.0
Electronic and other electrical equipment	106.3	112.6	114.3	110.0	106.6	109.0	109.4	110.3	110.8	110.3
Transportation equipment	125.5	131.5	135.4	127.4	126.4	127.6	129.6	129.7	131.4	128.2
Motor vehicles and equipment	166.0	170.5	176.6	161.9	167.7	164.7	168.3	168.7	169.8	163.2
Instruments and related products	74.9	76.8	77.8	75.8	75.1	75.6	75.4	76.0	75.6	75.8
Miscellaneous manufacturing	99.5	105.3	104.7	100.2	102.5	102.0	101.8	101.4	103.4	103.3
Nondurable goods	102.0	105.8	106.2	102.6	104.0	103.5	103.6	104.3	104.5	104.4
Food and kindred products	112.0	120.8	119.4	114.0	117.0	116.2	116.5	118.4	118.6	118.6
Tobacco products	67.1	68.0	69.9	65.2	63.2	58.5	61.3	64.2	61.9	61.2
Textile mill products	88.3	89.1	89.6	86.9	89.4	88.2	88.0	88.1	88.7	87.8
Apparel and other textile products	73.0	72.1	72.1	69.2	74.6	71.6	71.2	70.6	71.2	70.7
Paper and allied products	109.7	111.6	112.9	110.3	110.2	109.5	109.5	110.7	110.4	110.5
Printing and publishing	121.3	128.3	129.3	122.9	123.3	125.6	125.8	126.4	126.2	124.8
Chemicals and allied products	99.5	102.2	103.1	101.6	100.1	100.9	100.8	101.6	101.0	102.3
Petroleum and coal products	74.4	74.8	70.9	72.1	78.0	74.2	73.1	73.9	73.0	75.3
Rubber and misc. plastics products	142.4	148.7	151.8	148.1	143.1	144.7	145.6	146.8	148.3	148.9
Leather and leather products	41.3	40.1	39.8	37.9	42.5	39.5	40.3	39.1	38.8	38.8
Service-producing	144.9	156.4	156.4	150.4	150.0	153.3	153.6	155.9	154.8	155.7
Transportation and public utilities	125.8	134.8	132.9	129.8	129.3	132.2	132.1	133.2	131.0	133.1
Wholesale trade	121.8	128.6	127.5	125.6	124.3	126.2	126.7	128.3	126.9	128.0
Retail trade	130.0	142.3	146.8	133.8	136.7	138.5	139.2	140.3	140.6	140.9
Finance, insurance, and real estate	124.2	131.6	129.0	128.9	124.7	128.6	128.1	132.9	129.0	129.5
Services	173.8	188.0	186.4	181.8	180.2	185.0	185.3	188.3	187.4	188.4

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

p = preliminary.

Table B-6. Diffusion indexes of employment change, seasonally adjusted

(Percent)

Time span	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Private nonfarm payrolls, 356 industries[1]											
Over 1-month span:												
1994	57.6	61.9	67.1	64.5	57.7	63.9	62.5	62.6	61.4	60.3	63.8	62.4
1995	62.4	60.1	54.5	55.6	48.0	53.9	54.1	59.8	57.0	54.9	57.2	57.9
1996	51.7	64.3	60.1	54.9	62.9	60.5	56.5	59.3	54.4	62.6	58.1	61.0
1997	59.3	59.1	59.0	61.1	57.4	50.7	58.8	58.7	56.5	64.2	61.7	p60.8
1998	p62.5											
Over 3-month span:												
1994	65.3	69.5	70.4	68.7	67.1	67.0	69.1	69.7	65.7	65.6	67.0	66.2
1995	65.4	62.5	58.7	53.2	54.6	52.4	57.9	59.6	59.7	59.0	57.0	56.3
1996	62.6	63.6	62.6	61.2	62.1	63.1	62.6	58.8	62.8	60.4	64.7	65.0
1997	64.6	62.2	64.2	65.6	59.7	58.7	59.1	65.0	65.3	67.3	p68.3	p67.3
1998												
Over 6-month span:												
1994	71.1	69.8	69.8	70.9	70.1	69.8	69.7	69.4	69.4	67.4	67.7	66.2
1995	66.9	61.4	58.1	56.6	58.1	58.1	58.7	59.8	60.3	59.1	61.5	63.3
1996	62.2	63.5	63.5	63.5	62.6	61.2	65.3	63.6	62.6	64.5	64.2	67.4
1997	67.6	66.6	64.5	64.6	64.3	66.7	67.0	68.3	p69.5	p71.2		
1998												
Over 12-month span:												
1994	70.2	71.6	71.8	71.8	72.1	71.8	71.5	72.1	70.1	69.5	68.6	65.0
1995	63.6	62.4	62.6	63.3	61.7	61.9	58.7	62.2	62.2	61.1	62.2	63.3
1996	63.5	64.7	62.4	62.9	64.7	64.2	65.0	63.1	63.8	66.7	65.7	65.0
1997	67.3	66.2	69.4	70.4	70.1	p69.5	p70.4					
1998												
	Manufacturing payrolls, 139 industries[1]											
Over 1-month span:												
1994	55.8	59.0	60.4	58.6	52.9	58.6	59.4	56.1	52.9	55.0	58.6	58.3
1995	54.3	56.1	44.2	51.4	42.1	42.8	43.5	52.2	47.1	50.0	47.5	50.7
1996	45.7	54.3	47.8	39.2	52.2	52.2	44.2	52.9	44.2	50.7	49.6	52.2
1997	54.0	50.4	52.9	52.9	51.4	49.3	51.8	49.6	54.3	57.6	59.4	p55.4
1998	p60.1											
Over 3-month span:												
1994	61.9	64.7	65.5	59.7	57.6	60.1	62.2	57.9	55.0	55.4	60.1	59.4
1995	59.7	50.4	47.5	40.3	42.4	36.3	38.5	43.9	49.3	46.4	45.3	43.9
1996	47.5	47.8	42.1	38.5	43.2	45.0	48.9	43.2	50.4	46.4	52.5	62.5
1997	53.2	51.4	50.7	52.5	48.6	48.9	48.6	53.6	55.8	62.9	p62.9	p65.1
1998												
Over 6-month span:												
1994	62.2	62.2	62.6	63.3	59.4	56.5	56.5	58.6	58.6	55.0	58.3	55.0
1995	55.8	48.6	43.9	38.8	39.2	39.6	38.8	39.6	43.9	45.0	44.2	44.6
1996	41.4	41.7	41.0	38.1	39.6	40.6	47.5	46.8	45.3	50.4	48.2	53.2
1997	53.2	53.2	50.4	49.3	48.6	52.2	55.0	58.3	p59.0	p62.9		
1998												
Over 12-month span:												
1994	57.9	58.6	60.8	60.8	60.8	63.3	59.4	60.1	57.2	56.5	50.4	49.6
1995	46.0	44.2	46.0	47.8	41.0	41.7	38.5	38.8	36.3	37.4	38.1	39.9
1996	39.6	42.8	39.2	39.6	42.4	40.3	43.5	40.3	43.5	46.8	46.4	47.1
1997	51.4	47.8	52.2	55.0	57.6	p56.5	p56.1					
1998												

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

PREPARED STATEMENT OF
SENATOR JEFF BINGAMAN, RANKING MINORITY MEMBER

Over the past year, we have followed the admonition not to read too much into one month's data on improvements in the US labor market. Now, with data for the complete year, it seems appropriate to make some overall comments on the health of the US labor market. The unemployment rate in 1997, at 4.9 percent, was the lowest since 1973. Yet in contrast to 24 years ago, this year's low unemployment rate was coupled with historic low inflation. In fact, 1997 signified the lowest combination of unemployment and inflation in more than 30 years. One has to go back to the 1950s to find multiple years of such low unemployment and inflation.

Although this achievement deserves our applause and recognition, we must also not forget that there remain large groups of people throughout the country who have not yet enjoyed the full benefits of the current expansion. As evidence of this phenomenon, I once again ask the Chairman's permission to enter into the official record for this hearing, the most recent release of Professor Medoff's Job Quality Index (JQI), which covers the fourth quarter of 1997.

Two very important issues are raised in this quarter's index. First, according to Professor Medoff's 1997 index of wages, health insurance and pension coverage–otherwise known as total compensation–most workers have only now returned to the level of compensation they were receiving when the recovery began in 1991. Second, despite a strong pick-up in average wages during 1997, the Job Quality Index suggests that compensation in the form of health and pension coverage continued to fall in 1997. The gap between wages and benefits places a heavy burden on middle income Americans and is contributing to a further deterioration in the distribution of income in the country. This issue deserves serious attention by my colleagues in Congress.

On a related issue, I agree with Chairman Saxton that the Asian financial crisis is likely to have serious consequences for American workers. Already at this early point, most analysts agree that the crisis may raise the US trade deficit to as high as $300 billion and lower US economic growth by up to ¾ of a percentage point or more in 1998. American workers and firms face the prospect of losing their export markets while at the same time competing against cheaper imports from Asia. The United States should play a central role in helping to manage this crisis. At the same time, we must also be acutely aware of the impact the crisis will likely have on American workers and develop quick responses to offset any economic burden placed on them as a result.

Once again, I welcome Commissioner Abraham this morning, and I look forward to her report on developments in the US labor market and the subsequent discussion.

CNP

Center for National Policy

FOR IMMEDIATE RELEASE
February 5, 1998

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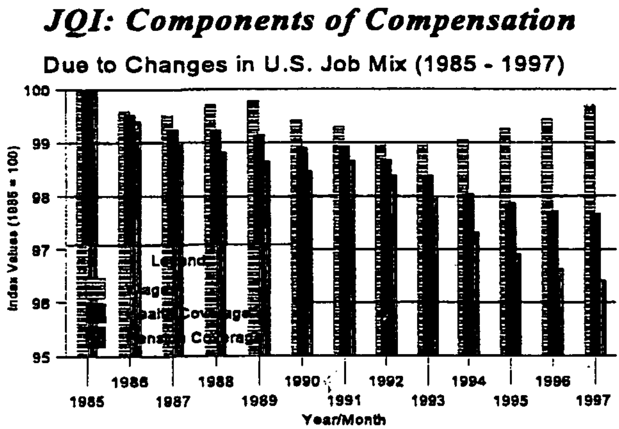
U.S. Job Creation in 1997:
Higher Pay, Lower Benefits

WASHINGTON– While the U.S. economy created a net 3.2 million new jobs in 1997, the shifting mix of jobs by occupation and industry continued to decrease health and pension benefit coverage.

The CNP **Job Quality Index** *(JQI)*, which tracks the impact of the changing distribution of jobs across the economy, indicates that shifts in the mix of employment by industry and occupation during 1997 contributed to a solid increase in wages for the average U.S. worker. At the same time, however, this shift also resulted in declines in benefit coverage. The *JQI* developed by Harvard economist and CNP National Fellow James Medoff, shows how the changing job mix has been affecting primary components of compensation--wages and basic benefits--since 1985.

Service Jobs Not As Good, on Average

"Real wages have nearly recovered to 1989 levels; nonetheless, the average American worker remains less well-compensated overall," said Michael Calabrese, CNP director of domestic policy programs. "The long-term trend that is replacing heavily unionized jobs in manufacturing with service sector jobs that include a far greater proportion of lower-wage jobs lacking health and pension benefits, slowed last year, but did not reverse."



U.S. jobs are classified most generally as goods-producing or service-producing. Weekly wages in goods-producing industries -- which includes manufacturing, construction and mining -- average $596, compared to $393 in service sector

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industries, according to Department of Labor establishment survey data for December. Goods-producing jobs, particularly in manufacturing, also are far more likely to offer employer-paid health and pension benefits.

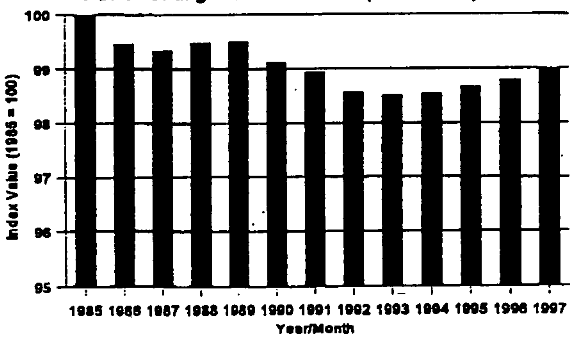
One reason average weekly earnings rose an average 3.4 percent during 1997 was improved job creation in high-compensation industries – particularly manufacturing, construction, finance and computer services. Manufacturing added more new jobs in 1997 (230,000) than the total number added during the preceding five years since 1991. Last year's resurgence in manufacturing also showed up in relatively high-paying industries, including motor vehicles and equipment (up 25,000), which pays an average $870 weekly. The bad news is that manufacturing employment still grew at less than half the 2.9 percent rate of growth for private employment overall.

Employment in construction – which averages $627 weekly – grew faster than overall job growth (3.8 percent), adding 209,000 new jobs, though less than the 289,000 added in 1996.

In the service sector, computer, engineering and management services added a combined 350,000 generally well-compensated jobs – more than 10 percent of all jobs added in 1997. Average compensation levels also improved because employment in the low-paying retail trade, hotel and personal services grew slower than overall job growth, with retail adding 513,000 jobs (up 2.3 percent). The low-paying temporary personnel industry, which has nearly doubled in size since 1991, added 143,000 jobs in 1997 – a 5.3 percent increase.

JQI: Average Total Compensation

Due to Changes in the Job Mix (1985-1997)



During the entire period since 1991, which marked the end of the last recession, total payroll employment has risen by 15.7 million (15 percent). But job creation by industry varies greatly. While goods-producing jobs have increased less than 7 percent (by 1.5 million), employment in service-producing industries has surged nearly 17 percent (by 14.2 million). While service industries employing technical and professional workers have added a substantial number of high-compensation jobs, a far larger number of jobs have been added in low-compensation and more contingent categories, such as retail trade and temporary employment services.

Manufacturing jobs – employing 18.7 million at average weekly wages of $580 – dominate the goods-producing sector, but have increased by just 2.5 percent (450,000) since 1991. Jobs in construction –

with average weekly earnings of $627 -- have jumped 26.7 percent since 1991, while mining (weekly earnings of $741) employs 86,000 (13 percent) fewer workers.

Among service-producing industries, the biggest job gains since 1991 have been in personal, business and other consumer services (up 7.7 million, or 27 percent), as well as in retail trade (up 3.2 million, or 16.6 percent). Since jobs in the general services and retail trade categories pay an average weekly wage of $411 and $248, respectively, the 10 million jobs added in those industries more than offset the positive wage and benefit gains associated with the 1.6 million new construction and manufacturing jobs that pay an average $596 weekly.

"Unemployment is at a 24-year low, yet the New Economy has so far failed to lift all boats," Calabrese stated. "We do see a two-tier compensation structure emerging from this shift to a high-tech service economy. The challenge for policy makers is to improve skill levels and improve incentives for health care and private pension coverage among the lower-paid half of the workforce," Calabrese added.

JQI: Annual Index Values for Components of Compensation

Period Ending	Total Comp.	Ave. Wage	Ave. Hlth-Ins	Ave. Pension	Total Jobs
1985	100.00	100.00	100.00	100.00	100.00
1989	99.49	99.78	99.14	98.64	110.78
1990	99.11	99.41	98.90	98.46	112.34
1991	98.94	99.29	98.93	98.65	111.16
1992	98.57	98.96	98.67	98.39	111.51
1995	98.67	99.25	97.87	96.92	120.34
1996	98.79	99.43	97.73	96.62	122.72
June 1997	98.95	99.61	97.70	96.47	125.33
December 1997	98.99	99.69	97.66	96.40	127.19

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FEB 24 1998

MEMORANDUM FOR: Honorable James Saxton
Chairman
Joint Economic Committee

FROM : KATHARINE G. ABRAHAM
Commissioner

SUBJECT : Consumer Price Index Improvements

This memorandum is in response to your request at the February 6 Joint Economic Committee hearing for a summary of the recent and planned improvements we have made in the Consumer Price Index (CPI).

As you know, criticism of the CPI, most notably contained in the Boskin Commission report, centers on three perceived weaknesses: (1) lack of currency of the spending pattern that underlies the index; (2) failure of the index to reflect the effect of consumer substitution in response to relative price change; and (3) inadequate treatment of new product introductions and improvements in the quality of existing consumer goods and services. This memorandum briefly summarizes the actions we have taken and plan to take in each of these areas to improve the CPI.

Currency of Expenditure Patterns

On February 24, with release of data for January, we introduced a CPI that is based upon consumer spending patterns in the 1993-95 period, a new sample of geographic areas that better represents the distribution of the U.S. population, and a new classification structure that better reflects the goods and services consumers buy and how they buy them. In addition, we have requested funding to expand our consumer expenditure survey and to develop systems that will allow us to introduce substantially more current consumer spending patterns in future updatings of the CPI. Finally in this area, we have committed to more frequent updating of the weighting patterns used to calculate the CPI. We have not yet decided on the optimal frequency of weight updates, but it is clear to us that a reduction in the current (approximately 10-year) period between updatings is warranted.

Consumer Substitution

We currently are conducting an evaluation of a new index formula for use in the CPI that accounts in part for the fact that consumers change their spending patterns in response to changes in relative prices. Research on the new formula, called the geometric mean formula, is nearing completion, and we expect to announce the results of this effort sometime next month. Any changes resulting from our evaluation will be incorporated in the index beginning with data for January 1999.

In this connection, I also should mention that we have requested funds to produce a new index, as a complement to the CPI, that more completely accounts for consumer response to relative price changes. This index, which is of the so-called superlative type, would be produced to the same standards of statistical and compilation accuracy that we enjoy with the CPI.

Quality Changes and New Goods

The Bureau of Labor Statistics (BLS) long has had an active program to address the complex issues stemming from changes that occur in the quality of the goods and services consumers buy. Among the recent steps we have taken to address such issues are:

- Development of regression-based estimates of the value of quality change in the apparel component of the index (1991);

- Institution of new procedures that better capture price changes associated with the introduction of generic forms of prescription drugs (1995);

- Restructuring of the hospital services component of the index to track changes in reimbursement methods and patterns of treatment more efficiently (1997); and

Memroandum for Honorable James Saxton-3

FEB 24 1998

- Use of regression-based estimates of the value of quality change in personal computers (1998).

We also have requested new funding to undertake additional work on accounting for quality change and new goods. Specifically, we plan to collect additional data on prices and characteristics of goods in support of extending explicit, regression-based, quality adjustment techniques to more index components. We also plan to establish new procedures that will ensure the inclusion in the index of new goods in a more timely fashion. Finally, we expect to change the way in which the index's item samples are updated, in order to focus more effort on product or service areas that are impacted by rapid changes in technology.

Other Improvements

In the interest of completeness, I also should mention a few additional improvements we have made to the CPI that do not fall neatly into any of the above categories. In January 1995, we changed the method used to calculate price changes for both the residential rent and owners equivalent rent components of the index to remove a net upward bias. Similarly, we instituted, in two stages during 1995 and 1996, new procedures that effectively eliminated what some critics have called the "formula bias" problem.

The *Economic Report of the President* (1998) presents estimates of the impact on the CPI of many of the improvements summarized above. I am attaching a copy of that information. I also should mention that the Congressional Budget Office presented similar estimates in *The Economic and Budget Outlook: Fiscal Years 1999-2008* (January 1998).

I believe it is clear that the BLS has made, and will continue to make, real progress in improving the accuracy of the CPI. At the same time, however, it is also quite clear that we do not have solutions for all of the vexing measurement issues we face in producing the CPI. For example, despite the progress we have made, and expect to make, in the area of adjusting the index for the effects of quality change and new goods, we still do not see our way to the complete resolution of these problems. Much has been accomplished, but much yet remains to be done.

Attachment

BLS/OPLC/CPI
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Cc: Gen. F. Comm RF. Abraham Dalton Greenlees

TABLE 2-4.—*Expected Effects on Changes in the CPI and Real GDP of CPI Methodological Changes*

Change in method	Year introduced	Percentage-point effect on:	
		CPI percent change	Real GDP percent change
Pre-1998		-0.28	0.06
Generic prescription drugs	1995	-.01	.00
Food at home seasoning	1995	-.04	.0
Owners' equivalent rent formula	1995	-.10	.00
Rent composite estimator	1995	.03	.00
General seasoning	1996	-.10	.06
Hospital services index	1997	-.06	.00
1998 and after		-.41	.14
Personal computer hedonics	1998	-.06	.00
Updated market basket	1998	-.15	.02
Geometric means	1999	-.15	09
Rotation by item	1999	-.05	03
Total		-.69	20

Sources: Department of Labor (Bureau of Labor Statistics) and Council of Economic Advisers

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