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THE EMPLOYMENT SITUATION: JULY 1998

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before the

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THE EMPLOYMENT SITUATION: JULY 1998

Friday, August 7, 1998

HOUSE OF REPRESENTATIVES,
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: Representatives Saxton and Hinchey.

Staff Present: Christopher Frenze, Robert Keleher, Juanita Morgan, Daniel Guido, Dan Lara, Joseph Cwiklinski, Howard Rosen, and Tami Ohler.

OPENING STATEMENT OF REPRESENTATIVE JIM SAXTON, CHAIRMAN

Representative Saxton. Once again, I am pleased to welcome Commissioner Abraham and her colleagues before the Joint Economic Committee.

As you probably know, the Congress finished its pre-break work last night at about 12:45. So people are probably recovering or scrambling for airplanes. I apologize for the sparse turnout, but nonetheless, we are anxious to hear your report.

The weak employment data reported today are greatly affected, I believe, by the General Motors (GM) strike and its spillover effects into other related industries. The modest increase in monthly payroll employment reflects the fact that striking workers and other related shutdowns are not counted in the establishment survey. Even the employment levels reported in the household survey have been lowered by the layoffs resulting from the strike.

In the August data, to be released next month, of course, some of these effects in both surveys will be reversed as a result of the end of the strike. Happily the unemployment rate in July remained unchanged at the historic low point, 4.5 percent.

The recent economic data taken as a whole showed that the cyclical expansion that began in 1991 continues to generate employment and economic gains. The credit for this progress goes to workers, investors

and entrepreneurs all across the country that have expanded the economy year after year.

To the extent policy is relevant, the upswing has been sustained by the Fed's policy of gently squeezing inflation out of the economic system. This Federal Reserve policy of disinflation has lowered interest rates and built a solid foundation for continued economic growth and lower unemployment.

The old notion of trade-off between inflation and unemployment has been disproved as both have declined at the same time.

I might just stop here for a minute in my formal testimony and refer to the chart in the other corner of the room, where we can see that the inflation line labeled "CPI," shown in yellow on the chart, and the unemployment rate have both dropped together.

[The chart entitled, "Inflation and the Unemployment Rate Fall Together Since 1992 " appears in the Submissions for the Record.]

Conversely, some folks have thought over time that the CPI and unemployment dropping together would have been impossible, because as the economy heats up or as the economy expands, it is thought that it would necessarily cause an increase in prices. In this expansion, that has not happened, and we happily look to this experience as an indication that, in fact, this is a possible economic process - ramification, and that the Phillips Curve trade-off is exactly what does not happen. The Federal Reserve has produced under Mr. Greenspan's chairmanship, a very happy set of events that has disproven the Phillips Curve.

The sustained expansion has also flooded the Treasury with tax revenues, as this Committee's research has emphasized for many years. Congress has resisted at the same time the temptation to spend all of these revenues, and this restraint has resulted in a budget surplus much sooner than the official Administration and congressional budget agencies have predicted. In sum, both monetary policy and the fiscal outlook remain very positive.

Though second-quarter growth has been undermined by the GM strike, inventory adjustments and the Asian situation, the economy is expected to strengthen in the balance of the year.

Commissioner, welcome again this month. We are very pleased that you are here, and at this time we would be pleased for you to present your statement.

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

OPENING 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, we appreciate the opportunity to be here to talk about the latest employment and unemployment data.

As you noted the unemployment rate was unchanged at 4.5 percent in July. Total nonfarm job growth was just 66,000, following a gain of 196,000 in the prior month.

As you also noted in your opening comments strikes at two plants led to shutdowns and layoffs affecting workers in several auto-related industries. Manufacturing employment, which declined by 176,000 over the month, was heavily affected by the strikes and the resulting plant shutdowns. Auto manufacturing, with a drop of 111,000 jobs, was hardest hit.

There also were noteworthy losses in fabricated metals due to the idling of automobile stamping plants. Primary metals, industrial machinery, rubber and plastics, and apparel – somewhat surprising, but apparel includes auto trimmings – all posted declines as production lines in plants that supply the auto industry were shut down.

Not all the over-the-month movements in manufacturing employment were auto-related. The electronic components and food products industries lost jobs, while the aircraft industry and printing and publishing added workers. Employment in textile mills continued its slow, long-term decline. The factory workweek dipped by 1/10 of an hour to 41.7 hours.

Construction added 18,000 jobs over the month with gains spread throughout the component industries. Since construction employment bottomed out in July of 1992, I might note, it has grown at an average annual rate of about 5 percent, twice the pace of overall employment growth.

In the service-producing sector, employment in retail trade jumped by 125,000. Eating and drinking places, with a gain of 69,000 jobs, accounted for more than half of that gain. Even so, growth in the retail sector was widespread. Employment in food stores grew strongly, and miscellaneous retail establishments had its second large gain in three months. Building materials and garden supply stores continued to add workers, as did furniture stores.

After two months of large job gains, services grew by only 65,000 jobs in July. The sluggish growth was due largely to a decline of 33,000 jobs in help supply, which is principally temporary help firms, some share of which was a secondary effect of the auto industry strike. Health services employment did not grow over the month, as home health care and nursing homes both reduced employment. In contrast, engineering and management services and computer services both continued strong long-term growth trends. Amusement and recreation services and hotels also added jobs.

Finance, insurance and real estate added 32,000 jobs in July. Employment growth in finance, 18,000 in July, has been slowly accelerating for near three years. The insurance industry added 8,000 jobs over the month, about in line with its second quarter pace. Real estate employment also grew, following two sluggish months.

Employment in government edged down for the second straight month, after a large increase in May. The decline was due mostly to losses in local government, outside of education.

Average hourly earnings of production or nonsupervisory workers rose by three cents for the second straight month. This is somewhat slower than the average monthly increase of five cents through the first four months of the year.

Turning to data from the household survey, the unemployment rate held steady at 4.5 percent in July. Among the major demographic groups, the jobless rate for adult black men rose to 8.9 percent. An increase in black teenage employment largely reversed a drop in the prior month. Reflecting the strike-related plant shutdowns that we have already discussed, the unemployment rate for durable goods manufacturing climbed from 2.9 percent to 4.3 percent. And the number of unemployed job losers who are on temporary layoff also rose.

To sum up then, job growth in July fell below its recent pace, due mostly to secondary effects of strike activity. The unemployment rate was unchanged in July at 4.5 percent.

As always, my colleagues and I would 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 explore for just a minute, before we turn to Mr. Hinchey, the effects of the strike. First of all, as you pointed out in your testimony, the nonfarm job growth was what would appear to be a very anemic 66,000 jobs—

Ms. Abraham. Yes.

Representative Saxton. —during the last month? And during the previous month, the job growth was just under 200,000 jobs, which was not wonderful, but certainly a lot better than we did during the month of July. However, as you also point out in your testimony, auto manufacturing had a major effect by providing for the temporary elimination of about 111,000 jobs. Is that correct?

Ms. Abraham. Right. In auto manufacturing employment was down by that amount.

Representative Saxton. Right. Thank you.

And in addition to that, there would be some job loss, albeit temporary, because of industries that are related to the auto industry. Is that correct?

Ms. Abraham. That is correct.

Representative Saxton. And those jobs, I guess we'd have to guess or estimate, and we could estimate that that might be somewhere between 10,000 and 40,000?

Ms. Abraham. We have actually tried to go through and take a look at that. When we get reports in from respondents to our monthly payroll survey, there is a place where they can write comments in or indicate a code to say that their employment in that month was temporarily affected by a strike elsewhere that had caused them to let people go home.

Based on those reports, we were able to identify employment losses of about 140,000, including those in auto manufacturing, that we could

identify as being related to the strike. That is almost certainly a lower bound estimate of the true effects of the strike. I am sure there were some people whose employment was down and it was related to the strike and they just didn't tell us, but we can identify about 140,000 declining employment that is identifiably strike-related.

Representative Saxton. Thank you. I think this is very important information. And I thank you for being as exact as you have been with regard to it, primarily because there are a lot of people who look at your figures, at the job growth, small amount of job growth, and may draw conclusions, other than those involving the effect of the strike.

And so let me just conclude, on this point, and before I turn to Mr. Hinchey, by saying that if you took the figure that you just indicated as probably attributable to the strike—

Ms. Abraham. Which is probably a low bound on what is attributable to the strike.

Representative Saxton. The lower bound, about 140,000, could be 150,000?

Ms. Abraham. Right.

Representative Saxton. Or you can take whatever number you want. Let's just take for purposes of simple math 150,000 and add to that the 66,000. And so if it were not for the strike, we might anticipate that the job growth would have been something around 200,000 or maybe somewhat better?

Ms. Abraham. That sounds about right.

Representative Saxton. Which would have been somewhat consistent with last month and the previous month?

Ms. Abraham. The previous month was higher. Employment growth in the 2 months, April and May, was running quite a lot higher, though part of that had to do with issues related to the seasonal adjustment of our figures.

Representative Saxton. Thank you.

Well, in any event, the conclusion that one might come to in looking at this is that the 66,000 job growth number would be significantly pushed back toward something considered to be more normal had the strike not occurred?

Ms. Abraham. Surely.

Representative Saxton. Thank you.

Mr. Hinchey?

OPENING STATEMENT OF REPRESENTATIVE MAURICE D. HINCHEY

Representative Hinchey. Well, thank you very much, Mr. Chairman. Good morning.

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

Ms. Abraham. Good morning.

Representative Hinchey. Commissioner, your associates, good morning to you.

A couple of interesting things in your testimony this morning. One is the decline in manufacturing jobs, one might say continuing decline in manufacturing jobs; however, this decline seems to be somewhat accelerated over the declines that we have seen in previous recent months.

Ms. Abraham. Well, it is an enormous decline in manufacturing employment. Most of that, though, was related to the strikes in the auto industry and the associated plant shutdowns.

Representative Hinchey. Most of it was related to the strike, yes?

Ms. Abraham. Yes, most of it, the decline in manufacturing. If I remember the figure right, it was 176,000. And we can directly identify 135,000, roughly, jobs in manufacturing where people were off payrolls because of either being on strike or having been laid off as a consequence of the strikes. So most of it we can directly identify as being strike-related.

And as I indicated to Chairman Saxton, there were probably some additional job losses that were strike-related that we just couldn't identify as such. It makes it very hard to sort out what the underlying trend in manufacturing is at this point.

Representative Hinchey. Well, the underlying trend in manufacturing, as I recall from your previous testimonies over the most recent months, is a consistent repeated decline in manufacturing jobs over the period of at least the last several months.

Ms. Abraham. Right, as contrasted to the sustained growth that we had seen through January. Beginning in February, we see a leveling off and then a couple months of significant decline. All I was trying to say

was that in assessing whether, to what extent that is continuing, looking at this month's data it is hard to sort out because of the strike.

Representative Hinchey. My sense is that this very much increased reduction in manufacturing jobs, looking at it in the context of the last several months, may be attributable to the situation we are seeing in East Asia.

Ms. Abraham. There very well may be an effect there. And if you, in fact, look at the data broken out by industry within manufacturing, we saw a decline over the month in electronic and other electrical equipment. And that wasn't something that we would attribute to the strikes, that is more consistent with our seeing continuing effects of what is going on in Asia, given the—

Representative Hinchey. We are also seeing a reduction in inventories; are we not?

Ms. Abraham. That is something that I haven't myself looked at recently. I certainly read a lot about it.

Representative Hinchey. There is also a rather significant increase in unemployment among what might be characterized as the most vulnerable people in the work force, and that is minorities, particularly young blacks. The unemployment rate for minority Americans, particularly black Americans and young black Americans, is up significantly.

Ms. Abraham. Right. That rate had taken a big drop down last month and then jumped right back up this month. I have to say that movements of that magnitude in the unemployment rate for that group really have to be reflecting noise in our survey rather than things that are really going on in the labor market. The unemployment rate for black youth had fallen from 29.4 percent in May down to 20.2 percent in June and then was back up to 28.6 percent in July. Movements of that magnitude just can't be real.

Representative Hinchey. Just can't be.

Ms. Abraham. They just can't be real.

Representative Hinchey. They can't be real.

Ms. Abraham. No. The survey sample size for that group is small, and the unemployment rate for black teens jumps around a lot from month to month. I am sure that those movements are survey noise rather

than precise measurements of what is happening to that group over those few months in the labor market.

Representative Hinchey. So then we would be mistaken, then, to interpret this as some kind of a trend which might be indicative of something deeper in the economy?

Ms. Abraham. I would not make much of the over-the-month movement in the unemployment rate for that group.

Do you want to add anything to that, Phil?

Mr. Rones. All that I would say is that the rate this month is much more typical of the rate, the unemployment rate, for black teens over recent history than the rate in June. The rate in June is clearly the outlier in that series, which is not to discount how high that rate is. It is near 30 percent, and it has been sustained at that level for quite some time. And just supporting what Commissioner Abraham said about the reliability estimates for black teenagers, whereas with the national – the overall national unemployment rate, the error range around that rate is plus or minus 2/10 of a percentage point. For this group, black teenagers, it is over five full percentage points. Again, it is a very small group within that roughly 50,000-household sample.

Representative Hinchey. This week marks the anniversary of the passage of the so-called welfare reform legislation. And we keep looking for indications of the effect of that legislation on the work force and on the economy. Is there any indication that you have seen that reflects the impact of welfare reform; for example, with regard to the supply of low-skilled jobs as opposed to the availability of workers in those areas?

Ms. Abraham. I guess I would have to say that our measurement tools are not well-designed for measuring, assessing what is going on with that. We don't, for example, have information in our household survey on whether people are former welfare recipients. That would be something that would be very hard for us to try to get at, so we can't look at that directly. We don't have information on job openings, so we can't look directly at what the supply of unfilled openings that these people might qualify for is. So I am not quite sure what we could look at in our data that would really let you get at that.

Representative Hinchey. Is there any way that you could refine your data that they might give us more information with regard to this particular question?

Ms. Abraham. We are doing some things with the annual supplement that we do to the Current Population Survey each March that looks at income and related things.

Maybe you want to say a little about that, Phil.

Mr. Rones. As part of a process to redesign the entire March supplement to the Current Population Survey, as we redesigned the basic survey four years ago, the first major task was to have the survey reflect the welfare system as it exists now. Under the old survey, if you said, AFDC, you covered that thing that we call welfare in four letters. Now, of course, it is much more complicated.

We used a new collection tool in March of this year. We don't have data yet. Usually the Census Bureau publishes its first data from that survey in late summer or early fall. So from now - from the time those data are available forward, we should have captured some information about welfare receipt directly from the survey.

Representative Hinchey. Thank you.

Mr. Chairman, thank you.

Representative Saxton. Commissioner, let me just ask one follow-up question, just to clarify the subject that we were talking about earlier. The GM strike, once again, the effects could account for about 150,000 job losses. Wouldn't this account for about 80 percent of the monthly decline in payroll employment?

Ms. Abraham. I don't have my calculator in hand. I will borrow Phil's here.

Representative Saxton. My staff tells me it is actually 85 percent. I did my math wrong, I think.

Ms. Abraham. As I had already indicated, we can identify about 140,000 jobs, though I also indicated that that was probably a lower bound. So if you want to say 150,000, that would be 85 percent of the decline that we observed over the month in manufacturing employment.

Representative Saxton. Okay. Thank you.

Let me, without taking a lot more time, turn to the subject of inflation. As you know, there are many in the world of economics who believe that much of the success of our economy has been attributed to the lack of inflation or the success, I guess, I should say, of our economy and squeezing inflation out, from our system. And, therefore, our old friend, the Consumer Price Index, becomes a happy indicator.

And let me just ask, could you please review the improvements in the CPI made over the last couple of years and those planned for the next couple of years, what you expect the total effect of these recent and future changes to be?

Ms. Abraham. Well, we have done a number of things over the last few years. We made some changes at the beginning of 1995 and in 1996 to address a so-called formula bias problem. We have improved the way that we have measured prices for prescription drugs. We have improved the way that we measure prices for hospital services. We have improved the way that we measure computer prices. We have updated the market basket of things that we are pricing.

Next January, we are going to be making a change in the way that we calculate the sub-indexes that get aggregated to produce the overall index. And we are also making a set of changes going forward in the way that we bring new items into the index to ensure that the market basket in terms of the individual item stays more current. So it is a whole set of things that we have done.

We have estimated the impact of some of those changes on the rate of growth of the Consumer Price Index. Others have come up with estimates of the effects of some of the other things where there wasn't direct data that we could look at. So we don't have an overall estimate of the impact of the changes that we have made.

The Council of Economic Advisers in its most recent *Economic Report* to the President did come up with such an estimate revising that to reflect new information that has since become available of the effect of our geometric means changes. Their estimate is that the cumulative impact of the changes we have made has been to slow the rate of growth of the CPI by about .74 percent per year.

Representative Saxton. So that those folks who were critical, a year or 18 months ago of the accuracy of the CPI can rest somewhat easier today, perhaps, than they did when they were talking about arbitrarily legislating what I think was a 1.1 percent reduction in the CPI?

Ms. Abraham. Well, we have certainly made a number of changes in our methods for producing the CPI that I think make it a more accurate indicator.

Representative Saxton. Thank you.

With regard to the subject of inflation, I am wondering if you or Mr. Dalton see any indication of inflation reigniting, or are there indications

that any time in the foreseeable future that the CPI may begin to back upward? Do we have anything to worry about based on what your statistical information shows us?

Ms. Abraham. As you know, we don't make forecasts about what the CPI might look like going forward, but I am sure that Ken would be happy to review very briefly what the recent movements in the CPI and also in the PPI have looked like.

Mr. Dalton. Certainly. Through the first six months of this year, the CPI rose at a seasonally adjusted annual rate of 1.4 percent. That compares with a 1.7 percent increase for all of 1997. The Producer Price Index for finished goods through the first six months, at a seasonally adjusted annual rate, is actually declining at a 1.5 percent rate. Import prices fell 5.6 percent, with a particularly notable acceleration in the decline in import prices from Asian countries.

Representative Saxton. Mr. Dalton, if I may address a question or two directly to you, with regard to commodity prices, are we seeing any significant increase or decrease in commodity prices?

Mr. Dalton. If you look at the Producer Price Index for finished goods, which, of course, is not strictly just commodities, as I said, it is declining at a 1.5 percent seasonally adjusted annual rate through June of this year. So in total there isn't really any evidence of, you know, strength in prices. On the other hand, finished goods, excluding food and energy, through the first six months are rising at a seasonally adjusted annual rate of 1.4 percent. It is difficult to know what to make of that particular increase because it is dominated by a few single categories.

Representative Saxton. Overall with regard to commodity prices, however, the statistics that I have seen recently indicate a decrease in commodity prices. Is that a fair statement?

Mr. Dalton. I guess if you want to make a distinction between commodities, or goods, versus services, it is clear that there is weakness in goods prices and continued, through lesser than in the past, strength in service prices.

Representative Saxton. I looked at the Journal of Commerce Indicator recently. In fact, I have a chart here, which shows the statistical analysis it has made, which shows a decrease in commodity prices.

Mr. Dalton. Well, that would be closer, probably, to what we call the crude component of the Producer Price Index. I can give you crude materials through June at a seasonally adjusted annual rate. They are

declining at a rate of virtually 18 percent, 17.9 percent. So our information would agree, I think, with the Journal of Commerce data.

Representative Saxton. Would it be fair to conclude, then, with regard to commodity prices that there does not seem to be inflationary pressure?

Mr. Dalton. Defining commodity prices as crude materials in the Producer Price Index, it is clear that there is disinflation. Prices are declining.

Representative Saxton. And with regard to bond yields, have we seen any indications in increases in bond yields which might be considered to be a precursor of inflation?

Ms. Abraham. That is not something we have looked at.

Mr. Dalton. Right.

Representative Saxton. It is not something that you would have information about?

Ms. Abraham. That is not something that we track.

Representative Saxton. And with regard to the value of the dollar compared to the yen or the German mark, does the value of the dollar, from your statistics – have you looked to see whether or not it remains at high levels?

Mr. Dalton. If you look at our import price index data and at various exchange rates, it is pretty clear that there is a correlation between the increase in the value of the dollar and the decline in import prices. In some situations, for example, Japan, it is very clear it is almost a lockstep kind of relationship; for other countries in East Asia, it is not quite as clear, but there is a suggestion that the value of the dollar, the appreciation in the dollar, is having a downward impact on import prices.

Representative Saxton. Okay. Thank you.

Now, the reason I ask about your impressions of the value of the dollar, with regard to your impressions, of the trend in bond yields, and with regard to commodity prices, is that I know many economists look at these as indicators of inflation, and inasmuch as the value of the dollar remains high, and inasmuch as bond yields seem to be decreasing, and inasmuch as commodity prices seem to be doing the same thing, some economists conclude that there is no indication of inflation reemerging any time in the near future.

Would you care to comment? I know this is in an area that you begin to draw conclusions, and you don't always like to do that, but would you care to comment with regard to any of this, specifically with regard to what my conclusion might be, that we don't see inflation? Can you comment?

Mr. Dalton. I don't think I would care to comment on that particularly, except perhaps to say that at least two-thirds of the Consumer Price Index is services, so presumably they are not very directly impacted by commodity prices. I mean, that is not to dispute what you are saying. It is just an observation.

Representative Saxton. Okay. Thank you very much.

Mr. Hinchey?

Representative Hinchey. Thank you very much, Mr. Chairman. I really appreciate the questions and answers. I think this is a very interesting and very important area, because what the Chairman is trying to do, and what we are all interested in, is trying to determine in what direction the economy is headed. There are, as you know, a number of important reasons why we need to be concerned about that at this particular moment.

When you were responding just a few moments ago to the questions with regard to commodity prices, were you confining your responses with regard to commodity prices to agricultural commodities or to overall commodities, to commodities generally?

Mr. Dalton. My comments were about the crude materials component of the Producer Price Index, which covers all crude goods.

Representative Hinchey. All crude goods?

Mr. Dalton. Energy.

Representative Hinchey. Energy included. And we, of course, know that energy prices have been stable or declining in recent months?

Mr. Dalton. If you look at crude foodstuffs and feedstuffs, they are down at an annual rate of 8.8 for June. Crude energy materials are down at a rate of a 32.6 percent for June. And crude nonfood materials, less energy, is down at a rate of 9.4 percent. So all of the major components of the crude materials index are declining.

Representative Hinchey. And the chart that the Chairman was referring to before shows a very significant decline in both industrial based commodities and agricultural commodities. And what we, I

believe, intuitively infer from that is that these prices are being affected, primarily by the circumstances in the Far East and the depressing effect that they are having on prices generally.

And I heard you say a few moments ago, if I am not mistaken, that we are experiencing now not inflation in our economy, but there are, in fact, indications of disinflation?

Mr. Dalton. I guess I want to be careful about the use of the term "disinflation." I am not quite sure what it means. I should say that these prices are declining. And I guess I should also perhaps mention that, in looking at commodities, we are looking at the cost of the inputs to manufacture other goods that people buy. In some cases, in a lot of cases, the costs of the material inputs is not the predominant factor in determining the final price of the output.

Representative Hinchey. That is true. Labor prices, of course, and others. But unquestionably the cost of the inputs is significant, and if the costs of the inputs continues to decline, that is going to be a marked effect on overall prices. And we are seeing that effect in the economy generally, not just in the United States, but in the world economy. We are seeing decline in prices generally throughout the world in commodities. And we are seeing also increased competition with regard to agricultural commodities, as well as other commodities, and increased competition for finished goods as well.

There are people who are expressing concern about economic relations with some of our neighbors, for example, Canada, with regard to depressing prices and the kind of competition that that places on our economy. I think it is very important for us to try to understand more clearly what is happening here, as the Chairman was attempting to do just a few months ago. And I think in response to his questions, you shed a great deal of light on it.

The fact of the matter is prices are declining. They are declining, and they have been declining for quite some time, and they continue to decline. Now, the initial impact of that might be good. For example, because of the decline in oil prices, people might end up paying a little bit less at the pump for gasoline. They might end up paying a little bit less to heat their homes in the wintertime, and the profits of the oil companies will go up. But if those trends continue for a longer period of time, then we begin to get in an area that becomes troublesome, and I

think that is why we are so concerned about this situation of these declining prices.

Can you tell us specifically what is happening with regard to commodity prices in the agriculture sector in the United States over the course of the last several months?

Mr. Dalton. Well, again, if I look at the crude component of the Producer Price Index and look at crude food stuffs and feed stuffs, which I think is as close as we are going to get to agriculture commodities, they have been declining at a seasonally adjusted annual rate of 8.8 percent through the first six months of this year. That follows a decline of 4.2 percent for all of 1997 and a small decline of 1 percent in 1996.

Representative Hinchey. Now, that is somewhat aberrational, isn't it? We haven't seen those kinds of declines any time recently, or have we?

Mr. Dalton. Well, I could go back in time. In 1995, we saw an increase of 12.9 percent; in 1994, a decline of 9.4 percent; in 1993, an increase of 7.2; in 1992, an increase of 3 percent. I guess what that suggests is that this is a very volatile component.

Representative Hinchey. Okay. Just one last question on another subject. We hear over and over again that the jobs of the future are high-tech jobs, jobs which will require a great deal of education, and that seems to be something that we increasingly believe. But when we look at the recent BLS projections, based upon a forecast of the demand for occupations over the next 10 years, what we find is that three-fourths of those jobs projected over the next 10 years will require a bachelor's degree or less; in fact, less than a bachelor's degree.

So the conventional wisdom here may not be verified by the facts, or at least by the projections. If we are looking at an economy where fully 75 percent of the jobs in the next 10 years will require less than a bachelor's degree, then perhaps it is not true that most jobs in the future are going to be high-tech and related to advanced education and advanced degrees.

What really is going on? What is the truth here?

Ms. Abraham. Well, I really only will know the truth about the job growth between now and 2006 after we get there. It is very hard to forecast. On the one hand, if you look at the projected rates of growth in employment by occupation, and you array them by the level of education required, jobs and occupations that require more education are projected

to be growing more rapidly than employment in occupations that require less education.

So it is true that increasingly we are becoming an economy in which the jobs require higher levels of educational attainment, but those jobs are a fraction of employment today. They will be a somewhat bigger fraction of employment, we project, by the time we get out to 2006. But what you are saying is also true, that given the huge base of employment in jobs that require less education, there are still going to be an awful lot of jobs generated that don't require a college degree. So both things are true, if you will.

I might also add that the determination as to whether a job is one that requires a college education or doesn't require a college education isn't something that is black and white. And it may be that people with higher education in some of these jobs that don't require a degree may benefit from having had the additional education.

Representative Hinchey. Sure.

Ms. Abraham. As you know, we have seen changes in many of these occupations so that they have become more skilled over time; production operatives, for example.

Representative Hinchey. Thanks very much.

Representative Saxton. Let me just return to my line of questioning on inflation one more time. I just have a couple more questions.

Do the BLS measures show any evidence of inflation, Mr. Dalton?

Mr. Dalton. The Consumer Price Index rose 1.4 percent through the first six months of the year. The Producer Price Index for Finished Goods is actually declining, as is the import price index. For the producer sector and for imports, we are seeing price declines as opposed to inflation. In the consumer sector, we have seen a rate of increase of 1.4 percent, which by historical standards is fairly low.

Representative Saxton. Thank you.

Your words are chosen very carefully. But if I were to conclude that there is no evidence in your measures of significant inflation, you could agree that that would be a proper statement?

Mr. Dalton. As long as we were confining our area of interest to the past, yes.

Representative Saxton. And with regard to the future, as you know, we look at bond yields, we look at commodity prices, and we look at the value of the dollar, and we don't see any evidence in any of these long-term indicators either. And so it would be fair for some to conclude that there is no inflation of any significance. There has been in recent history very, very mild, inflation, not significant when compared to historical standards. And that the future indicators that I just enumerated do not show any evidence of inflation.

Let me ask one final question. If one were to accept the conclusions that many are today drawing, that there is no evidence supporting inflation or the reemergence of inflation, then one could say that there is no evidence that would support a Federal Reserve rate increase at the next FOMC meeting, which happens to be on August 18th? Would you like to respond?

Mr. Dalton. No, I certainly wouldn't.

Representative Saxton. Well, I have no further questions this morning.

Mr. Hinchey.

Representative Hinchey. None for me, Mr. Chairman. Thank you.

Representative Saxton. Commissioner Abraham, Mr. Dalton, Mr. Rones, thank you very much for being here this morning. It has been very beneficial to us, and we appreciate very much your candor. Thank you. The hearing is adjourned.

[Whereupon, at 10:21 a.m., the hearing was adjourned.]

SUBMISSIONS FOR THE RECORD

PREPARED STATEMENT OF REPRESENTATIVE JIM SAXTON, CHAIRMAN

Once again I am pleased to welcome Commissioner Abraham and her colleagues before the Joint Economic Committee.

The weak employment data reported today are greatly affected by the GM strike and its spillover effects in related industries. The modest increase in monthly payroll employment reflects the fact that striking workers and others on related shutdowns are not counted in the establishment survey. Even the employment levels reported in the household survey have been lowered by the layoffs resulting from the strike. In the August data to be released next month, of course, some of these effects in both surveys will be reversed as a result of the end of the strike. The unemployment rate in July remained unchanged at 4.5 percent.

The recent economic data, taken as a whole, show that the cyclical expansion that began in 1991 continues to generate employment and economic gains. The credit for this progress goes to the workers, investors, and entrepreneurs across this country that have expanded the economy year after year.

To the extent policy is relevant, this upswing has been sustained by the Federal Reserve's policy of gently squeezing inflation out of the economic system. This Federal Reserve policy of disinflation has lowered interest rates and built a solid foundation for continued economic growth and lower unemployment.

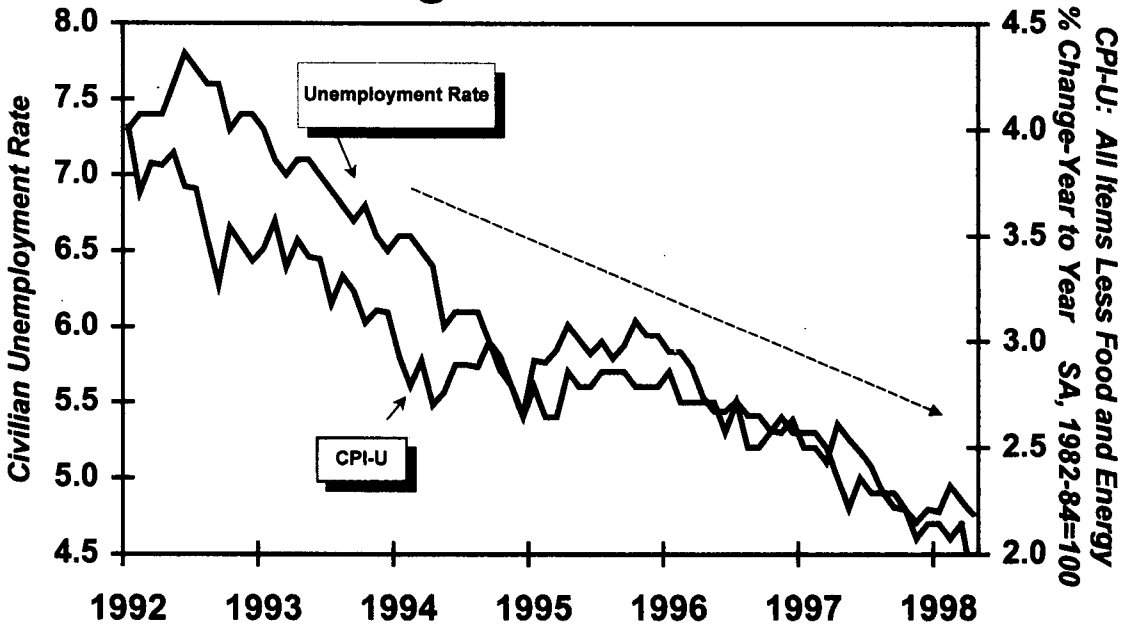
The old notion of a tradeoff between inflation and unemployment has been disproved as both have declined at the same time. As Chairman Greenspan recently noted before this Committee, concurrent declines of inflation and unemployment were supposed to be impossible under the Phillips Curve tradeoff, yet this is exactly what the Federal Reserve has produced under his chairmanship.

The sustained expansion has also flooded the Treasury with tax revenues, as this Committee's research has emphasized for many years. Congress has resisted the temptation to spend all of these revenues, and this restraint has resulted in budget surpluses much sooner than the official Administration and congressional budget agencies had predicted. In sum, both monetary policy and the fiscal outlook remain very positive.

Though second-quarter growth was undermined by the GM strike, inventory adjustment, and the Asian situation, the economy is expected to strengthen in the balance of this year.

Commissioner, we look forward to your statement.

Inflation and the Unemployment Rate Fall Together since 1992



Source: St. Louis Federal Reserve Board and JEC calculations.

PREPARED STATEMENT OF KATHARINE G. ABRAHAM, COMMISSIONER

Mr. Chairman and Members of the Committee:

I would like to thank you for this opportunity to comment on the employment and unemployment data that were released this morning.

The unemployment rate was unchanged at 4.5 percent in July. Total nonfarm job growth was just 66,000, following a gain of 196,000 in the prior month. Strikes at two plants led to shutdowns and layoffs affecting workers in several auto-related industries.

Manufacturing employment, which declined by 176,000 over the month, was heavily affected by the strikes and resulting plant shutdowns. Auto manufacturing, with a drop of 111,000 jobs, was hardest hit. There also were noteworthy losses in fabricated metals due to the idling of automobile stamping plants. Primary metals, industrial machinery, rubber and plastics, and apparel (which includes auto trimmings) all posted declines as production lines in plants that supply the auto industry were shut down. Not all the over-the-month movements in manufacturing employment were auto-related. The electronic components and food products industries lost jobs, while the aircraft industry and printing and publishing added workers. Employment in textile mills continued its slow, long-term decline. The factory work week dipped by 0.1 hour to 41.7 hours.

Construction added 18,000 jobs, with gains spread through the component industries. Since construction employment bottomed out in July of 1992, it has grown at an average annual rate of about 5 percent, twice the pace of overall employment growth.

In the service-producing sector, employment in retail trade jumped by 125,000. Eating and drinking places, with a gain of 69,000 jobs, accounted for more than half of the increase. Even so, growth in the retail sector was widespread. Employment in food stores grew strongly and miscellaneous retail establishments had its second large gain in three months. Building materials and garden supply stores continued to add workers, as did furniture stores.

After two months of large job gains, services grew by only 65,000 jobs in July. The sluggish growth was due largely to a decline of 33,000 jobs in help supply, some share of which was a secondary effect of the auto industry strike. Health services employment did not grow, as home health care and nursing homes both reduced employment. In contrast,

engineering and management services and computer services both continued strong long-term growth trends. Amusement and recreation services and hotels also added jobs.

Finance, insurance, and real estate added 32,000 jobs in July. Employment growth in finance--18,000 in July--has been slowly accelerating for nearly 3 years. The insurance industry added 8,000 jobs over the month, about in line with its second quarter pace. Real estate employment also grew, following two sluggish months.

Employment in government edged down for the second straight month, after a large increase in May. The decline was due mostly to losses in local government, except education.

Average hourly earnings of production or nonsupervisory workers rose by 3 cents for the third straight month. This is somewhat slower than the average monthly increase of 5 cents through the first four months of the year.

Turning to data from the household survey, the unemployment rate held steady at 4.5 percent in July. Among the major demographic groups, the jobless rate for adult black men rose to 8.9 percent. An increase in black teenage unemployment largely reversed a drop in the previous month. Reflecting strike-related plant shutdowns, the unemployment rate for durable goods manufacturing climbed from 2.9 percent to 4.3 percent and the number of unemployed job losers on temporary layoff grew.

To summarize, job growth in July fell below its recent pace, due mostly to secondary effects of strike activity. The unemployment rate was unchanged at 4.5 percent.

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

News United States Department of Labor

Bureau of Labor Statistics Washington, D.C. 20212

Internet address: http://stats.bls.gov/newsrels.htm
Technical information:
Household data: (202) 606-6378
Establishment data: 606-6555
Media contact: 606-5902

USDL 98-333

Transmission of material in this release is embargoed until 8:30 A.M. (EDT), Friday, August 7, 1998.

THE EMPLOYMENT SITUATION: JULY 1998

Payroll employment rose slightly, and unemployment was unchanged in July, the Bureau of Labor Statistics of the U.S. Department of Labor reported today. Nonfarm payroll employment edged up by 66,000 to 125.8 million, as growth was curtailed by strikes and plant shutdowns in automobile-related manufacturing. The jobless rate remained at 4.5 percent.

Chart 1. Unemployment rate, seasonally adjusted, August 1995 - July 1998

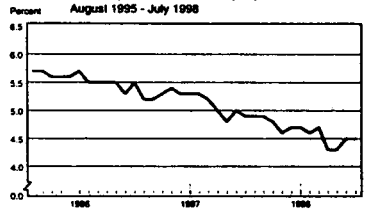
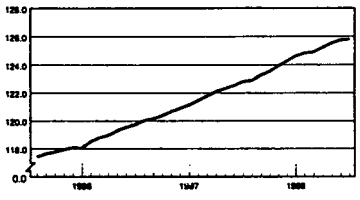


Chart 2. Nonfarm payroll employment, seasonally adjusted, August 1995 - July 1998



Unemployment (Household Survey Data)

The number of unemployed persons, 6.2 million in July, was little changed over the month. The unemployment rate remained at 4.5 percent; it has been below 5.0 percent since July 1997. The jobless rate for whites edged down by 0.2 percentage point to 3.8 percent, about the same as in May. The jobless rate for blacks increased over the month to 9.7 percent. Unemployment rates for the other major demographic groups—adult men (3.9 percent), adult women (4.0 percent), teenagers (13.8 percent), and Hispanics (7.2 percent)—were essentially unchanged in July. (See tables A-1 and A-2.)

The number of unemployed persons on temporary layoff—those who have been given a date to return to work or expect to return within 6 months—increased by 125,000 over the month to 966,000, reflecting the plant shutdowns in automobile-related manufacturing. The unemployment rate in durable goods manufacturing rose from 2.9 to 4.3 percent. (See tables A-5 and A-7.)

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

Category	Quarterly averages 1998[1]		Monthly data 1998[1]			June-July change
	I	II	May	June	July	
HOUSEHOLD DATA	Labor force status					
Civilian labor force	137,524	137,351	137,364	137,447	137,296	-151
Employment	131,080	131,349	131,453	131,209	131,067	-142
Unemployment	6,444	6,002	5,910	6,237	6,230	-7
Not in labor force	66,871	67,554	67,535	67,639	67,973	334
	Unemployment rates					
All workers	4.7	4.4	4.3	4.5	4.5	.0
Adult men	3.8	3.6	3.5	3.7	3.9	0.2
Adult women	4.3	4.0	3.9	4.1	4.0	-.1
Teenagers	14.6	14.0	14.2	14.6	13.8	-.8
White	4.0	3.8	3.7	4.0	3.8	-.2
Black	9.4	8.7	9.0	8.2	9.7	1.5
Hispanic origin	6.9	6.9	6.8	7.6	7.2	-.4
ESTABLISHMENT DATA[2]	Employment					
Nonfarm employment	124,795	p125,518	125,562	p125,758	p125,824	p66
Goods-producing[2]	25,296	p25,312	25,301	p25,297	p25,134	p-163
Construction	5,881	p5,930	5,917	p5,942	p5,960	p18
Manufacturing	18,825	p18,803	18,805	p18,776	p18,600	p-176
Service-producing[2]	99,500	p100,206	100,261	p100,461	p100,690	p229
Retail trade	22,274	p22,404	22,423	p22,454	p22,579	p125
Services	37,019	p37,349	37,350	p37,501	p37,566	p65
Government	19,711	p19,803	19,828	p19,816	p19,804	p-12
	Hours of work[3]					
Total private	34.7	p34.6	34.7	p34.6	p34.6	p.0
Manufacturing	42.0	p41.7	41.8	p41.8	p41.7	p-0.1
Overtime	4.8	p4.6	4.6	p4.6	p4.8	p.2
	Indexes of aggregate weekly hours (1982=100)[3]					
Total private	144.3	p144.6	144.9	p144.8	p145.2	p0.4
	Earnings[3]					
Average hourly earnings, total private	$12.59	p$12.73	$12.73	p$12.76	p$12.79	p$0.03
Average weekly earnings, total private	436.75	p440.46	441.73	p441.50	p442.53	p1.03

[1] Beginning in January 1998, household data reflect new composite estimation procedures and revised population controls.
[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 was essentially unchanged over the month at 131.1 million. The employment-population ratio—the proportion of the population age 16 and older with jobs—was 63.9 percent, little changed from the previous month's rate. (See table A-1.)

About 7.6 million persons (not seasonally adjusted) held more than one job in July. These multiple jobholders comprised 5.8 percent of total employment. In both June and July, the multiple jobholding rate was lower than it had been a year earlier. (See table A-10.)

The civilian labor force was about unchanged at 137.3 million in July. The labor force participation rate was 66.9 percent, down from its all-time high of 67.3 percent at the beginning of the year. (See table A-1.)

Persons Not in the Labor Force (Household Survey Data)

About 1.3 million persons (not seasonally adjusted) were marginally attached to the labor force in July. 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. (See table A-10.)

The number of discouraged workers—a subset of the marginally attached who were not currently looking for work specifically because they believed no jobs were available for them—totaled 374,000 in July, slightly higher than a year earlier.

Industry Payroll Employment (Establishment Survey Data)

Nonfarm payroll employment edged up by 66,000 in July, after seasonal adjustment. A large strike-related decline in manufacturing partly offset a substantial increase in retail trade and gains in other service-producing industries and construction. (See table B-1.)

Manufacturing employment fell by 176,000, as two strikes and related parts shortages led to plant shutdowns in several auto-related industries. (Persons on strike or on layoff for the entire survey reference period are not on payrolls and, thus, are not counted as employed in the establishment survey.) Employment in motor vehicles and equipment was down by 111,000 jobs; other declines at least partly attributable to the strikes (which were settled after the survey reference period) occurred in primary metals (-14,000), industrial machinery (-13,000), fabricated metals (-10,000), rubber and miscellaneous plastics (-7,000), and apparel and other textiles (-4,000). Manufacturing industries that had job losses unrelated to the strikes included food products (-9,000), electronic components (-7,000), and textile mill products (-5,000).

Construction added 18,000 jobs in July and has added 238,000 jobs since October. Mining employment fell by 5,000, with the losses occurring in oil and gas extraction.

A large increase in retail trade employment (125,000) reflected unusual strength in eating and drinking places (up 69,000), where growth has accelerated after a weak first quarter. Also contributing to the increase in retail trade were food stores and miscellaneous retail establishments, with gains of 16,000 jobs each, and building materials and garden supply stores and furniture stores, which added 6,000 jobs each. In wholesale trade, employment was essentially flat for the second month in a row.

Finance, insurance, and real estate continued its strong growth trend, adding 32,000 jobs in July. All three components contributed to the gain. In finance, employment rose by 18,000, with security and mortgage brokerages accounting for most of the growth. Insurance continued to add jobs (8,000), and real estate employment grew by 6,000, following little change in the prior 2 months.

Transportation and public utilities added 18,000 jobs in July. All of the gain was in transportation, which had experienced little growth in the prior month. The largest increases were in trucking, local and interurban passenger transit, and water transportation.

Employment in services grew by 65,000 in July, only about half the average gain for the previous 12 months. Help supply services had a decline of 33,000 jobs, some of which was attributable to the shutdowns in the auto industry. Health services, which typically adds jobs each month, did not grow in July. Job losses in home health care and nursing homes offset gains in doctors' offices and hospitals. Elsewhere in the services industry, robust growth continued in engineering and management services (26,000) and computer services (20,000). Amusement and recreation services and hotels and other lodging places also added jobs over the month.

Government employment was little changed overall in July. Local government except education showed a decline of 18,000, as summer hiring was lighter than usual, and federal employment continued its long-term downward trend. An increase in state government employment mainly reflected a return to payrolls of public transportation workers following the settlement of a strike.

Weekly Hours (Establishment Survey Data)

The average workweek for production or nonsupervisory workers on private nonfarm payrolls was unchanged in July at 34.6 hours, seasonally adjusted. The manufacturing workweek edged down by 0.1 hour to 41.7 hours, while factory overtime rose by 0.2 hour to 4.8 hours. (See table B-2.)

The index of aggregate weekly hours of production or nonsupervisory workers on private nonfarm payrolls increased by 0.3 percent to 145.2 (1982=100), seasonally adjusted. The manufacturing index fell by 1.6 percent to 107.3, reflecting in large part the effects of the strikes and layoffs in the auto-related industries. (See table B-5.)

Hourly and Weekly Earnings (Establishment Survey Data)

Average hourly earnings of production or nonsupervisory workers on private nonfarm payrolls rose by 3 cents in July to $12.79, seasonally adjusted. Average weekly earnings increased by 0.2 percent to $442.53. Over the year, average hourly and weekly earnings have risen by 4.2 and 4.5 percent, respectively. (See table B-3.)

The Employment Situation for August 1998 is scheduled to be released on Friday, September 4, at 8:30 A.M. (EDT).

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 1998, 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.

HOUSEHOLD DATA

HOUSEHOLD DATA

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]					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
TOTAL									
Civilian noninstitutional population	203,166	205,085	205,270	203,166	204,547	204,731	204,899	205,085	205,270
Civilian labor force	138,331	138,788	139,336	136,294	137,523	137,242	137,364	137,447	137,296
Participation rate	68.1	67.7	67.9	67.1	67.2	67.0	67.0	67.0	66.9
Employed	131,350	132,265	132,769	129,661	130,984	131,383	131,453	131,209	131,067
Employment-population ratio	64.7	64.5	64.7	63.8	64.0	64.2	64.2	64.0	63.9
Agriculture	3,849	3,718	3,886	3,452	3,132	3,350	3,335	3,343	3,441
Nonagricultural industries	127,501	128,546	128,903	126,209	127,852	128,033	128,118	127,867	127,626
Unemployed	6,981	6,534	6,567	6,633	6,529	5,859	5,910	6,237	6,230
Unemployment rate	5.0	4.7	4.7	4.9	4.7	4.3	4.3	4.5	4.5
Not in labor force	64,835	66,297	65,934	66,872	67,024	67,489	67,535	67,639	67,973
Men, 16 years and over									
Civilian noninstitutional population	97,733	98,691	98,785	97,733	98,405	98,503	98,591	98,691	98,785
Civilian labor force	74,674	74,945	75,467	73,218	73,895	73,799	73,783	73,818	74,027
Participation rate	76.4	75.9	76.4	74.9	74.9	74.9	74.8	74.8	74.9
Employed	71,157	71,618	72,049	69,711	70,297	70,831	70,685	70,570	70,605
Employment-population ratio	72.8	72.6	72.9	71.3	71.4	71.9	71.7	71.5	71.5
Unemployed	3,517	3,326	3,418	3,507	3,599	2,969	3,098	3,249	3,422
Unemployment rate	4.7	4.4	4.5	4.8	4.8	4.0	4.2	4.4	4.6
Men, 20 years and over									
Civilian noninstitutional population	89,888	90,700	90,802	89,886	90,502	90,580	90,622	90,700	90,802
Civilian labor force	69,614	69,868	70,202	69,171	69,451	69,697	69,524	69,545	69,790
Participation rate	77.4	77.1	77.3	77.0	76.7	76.9	76.8	76.7	76.9
Employed	66,982	67,331	67,619	66,361	66,753	67,301	67,190	66,950	67,040
Employment-population ratio	74.5	74.5	74.5	73.8	73.8	74.3	74.1	73.8	73.8
Agriculture	2,575	2,527	2,586	2,390	2,168	2,420	2,324	2,333	2,394
Nonagricultural industries	64,387	65,004	65,034	63,971	64,585	64,881	64,866	64,617	64,646
Unemployed	2,633	2,437	2,582	2,810	2,699	2,396	2,434	2,595	2,750
Unemployment rate	3.8	3.5	3.7	4.1	3.9	3.4	3.5	3.7	3.9
Women, 16 years and over									
Civilian noninstitutional population	105,433	106,394	106,484	105,433	106,141	106,228	106,308	106,394	106,484
Civilian labor force	63,656	63,854	63,869	63,076	63,627	63,443	63,581	63,628	63,270
Participation rate	60.4	60.0	60.0	59.8	60.1	59.7	59.8	59.8	59.4
Employed	60,193	60,646	60,720	59,950	60,697	60,553	60,768	60,640	60,462
Employment-population ratio	57.1	57.0	57.0	56.9	57.2	57.0	57.2	57.0	56.8
Unemployed	3,463	3,207	3,149	3,126	3,130	2,890	2,813	2,989	2,808
Unemployment rate	5.4	5.0	4.9	5.0	4.9	4.6	4.4	4.7	4.4
Women, 20 years and over									
Civilian noninstitutional population	97,919	98,735	98,778	97,919	98,534	98,583	98,668	98,735	98,778
Civilian labor force	58,952	59,277	59,101	59,232	59,771	59,486	59,573	59,589	59,359
Participation rate	60.2	60.0	59.8	60.5	60.7	60.3	60.4	60.4	60.1
Employed	56,243	56,828	56,589	56,063	57,186	57,075	57,253	57,172	57,000
Employment-population ratio	57.4	57.6	57.3	57.9	58.0	57.9	58.0	57.9	57.7
Agriculture	902	799	868	831	717	705	755	747	783
Nonagricultural industries	55,342	56,030	55,701	55,882	56,470	56,370	56,499	56,424	56,207
Unemployed	2,708	2,449	2,532	2,539	2,585	2,411	2,320	2,427	2,359
Unemployment rate	4.6	4.1	4.3	4.3	4.3	4.1	3.9	4.1	4.0
Both sexes, 16 to 19 years									
Civilian noninstitutional population	15,350	15,651	15,690	15,359	15,511	15,569	15,608	15,651	15,690
Civilian labor force	9,784	9,553	10,033	7,891	8,300	8,059	8,186	8,302	8,147
Participation rate	63.8	61.0	63.9	51.4	53.5	51.8	52.3	53.0	51.9
Employed	8,145	7,805	8,580	6,807	7,055	7,007	7,010	7,088	7,027
Employment-population ratio	53.0	50.5	54.7	43.0	45.5	45.0	44.9	45.3	44.8
Agriculture	371	382	412	231	247	225	256	252	254
Nonagricultural industries	7,773	7,513	8,169	6,576	6,808	6,782	6,754	6,826	6,773
Unemployed	1,620	1,948	1,453	1,284	1,245	1,052	1,156	1,215	1,120
Unemployment rate	16.6	17.2	14.5	16.3	15.0	13.1	14.2	14.6	13.8

[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]					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
WHITE									
Civilian noninstitutional population	170,010	171,387	171,513	170,010	171,016	171,141	171,257	171,387	171,513
Civilian labor force	116,285	118,297	116,570	114,622	115,297	115,057	115,359	115,137	114,975
Participation rate	68.4	67.9	68.0	67.4	67.4	67.2	67.3	67.2	67.0
Employed	111,323	111,576	112,047	109,851	110,805	110,859	111,025	110,535	110,630
Employment-population ratio	65.5	65.1	65.3	64.6	64.7	64.8	64.8	64.5	64.5
Unemployed	4,942	4,721	4,523	4,771	4,492	4,198	4,284	4,602	4,346
Unemployment rate	4.3	4.1	3.9	4.2	4.1	3.6	3.7	4.0	3.8
Men, 20 years and over									
Civilian labor force	59,465	59,618	59,789	59,098	59,201	59,207	59,366	59,257	59,403
Participation rate	77.9	77.5	77.7	77.4	77.1	77.2	77.2	77.0	77.2
Employed	57,543	57,817	57,953	57,011	57,209	57,462	57,516	57,302	57,436
Employment-population ratio	75.4	75.2	75.3	74.7	74.5	74.9	74.8	74.5	74.6
Unemployed	1,922	1,801	1,816	2,085	1,992	1,745	1,850	1,955	1,967
Unemployment rate	3.2	3.0	3.0	3.5	3.4	2.9	3.1	3.3	3.3
Women, 20 years and over									
Civilian labor force	48,575	48,885	48,445	48,790	49,077	48,955	49,019	48,886	48,705
Participation rate	59.6	59.3	59.0	59.9	59.9	59.7	59.8	59.6	59.3
Employed	46,726	46,961	46,711	47,072	47,276	47,300	47,416	47,197	47,087
Employment-population ratio	57.3	57.2	56.9	57.8	57.7	57.7	57.8	57.5	57.4
Unemployed	1,849	1,704	1,734	1,718	1,801	1,654	1,603	1,688	1,618
Unemployment rate	3.8	3.5	3.6	3.5	3.7	3.4	3.3	3.5	3.3
Both sexes, 16 to 19 years									
Civilian labor force	8,226	8,014	8,356	8,736	7,019	6,795	6,924	6,994	6,867
Participation rate	67.5	64.4	67.0	65.3	56.9	54.9	55.8	56.2	55.1
Employed	7,055	6,797	7,384	5,788	6,120	5,986	6,093	6,036	6,107
Employment-population ratio	57.9	54.6	59.2	47.3	49.6	48.5	49.1	48.5	49.0
Unemployed	1,171	1,217	972	988	899	799	831	958	760
Unemployment rate	14.2	15.2	11.6	14.4	12.8	11.8	12.0	13.7	11.1
Men	14.5	16.0	12.9	15.0	14.9	12.7	14.0	14.7	13.1
Women	14.0	14.3	10.2	13.7	10.5	10.7	9.8	12.6	8.9
BLACK									
Civilian noninstitutional population	24,006	24,349	24,381	24,005	24,257	24,289	24,317	24,349	24,381
Civilian labor force	15,877	16,182	16,413	15,524	15,871	15,907	15,756	16,013	16,059
Participation rate	66.1	66.5	67.3	64.7	65.4	65.5	64.8	65.8	65.9
Employed	14,218	14,709	14,705	14,040	14,498	14,499	14,344	14,700	14,508
Employment-population ratio	59.2	60.4	60.3	58.5	59.8	59.7	59.0	60.4	59.5
Unemployed	1,659	1,473	1,708	1,484	1,473	1,408	1,412	1,313	1,551
Unemployment rate	10.4	9.1	10.4	9.6	9.2	8.9	9.0	8.2	9.7
Men, 20 years and over									
Civilian labor force	6,992	7,105	7,173	6,946	7,044	7,087	7,009	7,088	7,120
Participation rate	73.0	73.1	73.7	72.5	72.8	73.2	72.2	73.0	73.2
Employed	6,411	6,519	6,537	6,371	6,511	6,573	6,536	6,589	6,485
Employment-population ratio	66.9	68.1	67.2	66.5	67.3	67.8	67.4	67.9	66.7
Unemployed	580	486	636	575	533	524	473	499	635
Unemployment rate	8.3	6.8	8.9	8.3	7.6	7.4	6.7	6.9	8.9
Women, 20 years and over									
Civilian labor force	7,898	7,941	7,910	7,891	7,935	7,922	7,787	7,885	7,921
Participation rate	64.0	64.3	64.0	64.1	65.3	64.3	64.0	64.5	64.9
Employed	6,989	7,220	7,238	7,048	7,294	7,182	7,130	7,256	7,296
Employment-population ratio	58.2	59.2	59.3	58.7	60.0	58.0	58.6	59.5	59.8
Unemployed	909	721	673	843	651	640	657	609	625
Unemployment rate	9.1	7.9	8.5	8.4	8.2	8.2	8.4	7.7	7.9
Both sexes, 16 to 19 years									
Civilian labor force	1,187	1,236	1,330	997	992	998	980	1,060	1,018
Participation rate	40.5	40.5	44.3	36.7	40.9	40.6	39.4	43.4	41.6
Employed	917	971	933	621	703	744	678	846	727
Employment-population ratio	33.6	35.6	38.1	25.7	29.0	30.6	27.8	34.6	29.7
Unemployed	270	265	397	288	289	244	283	214	291
Unemployment rate	31.7	28.6	29.9	30.0	29.1	24.7	29.4	20.2	28.6
Men	35.4	30.2	31.8	34.6	27.8	23.9	30.2	20.4	30.6
Women	28.1	26.0	27.7	25.8	30.3	25.3	28.8	20.1	28.4

See footnotes at end of table.

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]					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
HISPANIC ORIGIN									
Civilian noninstitutional population	20,351	21,036	21,097	20,351	20,851	20,915	20,975	21,036	21,097
Civilian labor force	14,057	14,436	14,438	13,951	14,298	14,369	14,458	14,420	14,240
Participation rate	69.1	68.6	68.4	68.1	68.6	68.7	68.9	68.5	67.5
Employed	12,909	13,394	13,351	12,772	13,305	13,434	13,480	13,328	13,219
Employment-population ratio	63.4	63.7	63.3	62.8	63.8	64.2	64.3	63.4	62.7
Unemployed	1,149	1,042	1,087	1,080	993	935	978	1,092	1,022
Unemployment rate	8.2	7.2	7.5	7.9	6.9	6.5	6.8	7.6	7.2

[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, seasonally adjusted

(Numbers in thousands)

Educational attainment	Not seasonally adjusted			Seasonally adjusted[1]					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
Less than a high school diploma									
Civilian noninstitutional population	29,288	30,064	29,027	29,288	29,251	29,638	29,931	30,064	29,027
Civilian labor force	12,281	12,988	12,269	12,554	12,382	12,564	12,690	12,888	12,548
Percent of population	41.9	43.2	42.3	42.9	42.4	42.7	42.4	42.9	43.2
Employed	11,369	12,130	11,426	11,579	11,500	11,773	11,839	11,963	11,648
Employment-population ratio	38.8	40.3	39.4	39.5	39.3	39.7	39.6	39.8	40.1
Unemployed	911	858	842	975	891	891	851	925	901
Unemployment rate	7.4	6.6	6.9	7.8	7.2	7.0	6.7	7.2	7.2
High school graduates, no college [2]									
Civilian noninstitutional population	57,581	57,446	57,374	57,581	57,885	57,484	57,706	57,446	57,374
Civilian labor force	37,700	37,174	36,912	37,987	37,931	37,340	37,496	37,096	37,219
Percent of population	65.5	64.7	64.3	66.0	65.5	65.0	65.0	64.6	64.9
Employed	36,124	35,780	35,409	36,392	36,331	35,885	36,114	35,832	35,694
Employment-population ratio	62.7	62.3	61.7	63.2	62.8	62.4	62.6	62.0	62.2
Unemployed	1,576	1,394	1,504	1,605	1,600	1,454	1,383	1,494	1,525
Unemployment rate	4.2	3.8	4.1	4.2	4.2	3.9	3.7	4.0	4.1
Less than a bachelor's degree[3]									
Civilian noninstitutional population	42,322	41,880	42,293	42,322	42,313	42,303	42,024	41,880	42,293
Civilian labor force	31,489	31,008	31,448	31,227	31,515	31,517	31,408	31,227	31,174
Percent of population	74.4	74.0	74.4	73.8	74.5	74.5	74.7	74.6	73.7
Employed	30,492	30,151	30,496	30,239	30,471	30,669	30,437	30,333	30,224
Employment-population ratio	72.0	72.0	72.1	71.4	72.0	72.5	72.4	72.4	71.5
Unemployed	998	857	952	988	1,043	848	971	894	950
Unemployment rate	3.2	2.8	3.0	3.2	3.3	2.7	3.1	2.9	3.0
College graduates									
Civilian noninstitutional population	41,171	42,464	43,309	41,171	42,085	42,197	42,090	42,464	43,309
Civilian labor force	32,930	33,857	34,481	33,159	33,777	33,989	33,820	34,274	34,721
Percent of population	80.0	80.0	79.6	80.5	80.3	80.5	80.6	80.7	80.2
Employed	32,168	33,337	33,839	32,474	33,145	33,419	33,364	33,674	34,146
Employment-population ratio	78.1	78.5	78.1	78.9	78.8	79.2	79.3	79.3	78.8
Unemployed	762	520	643	685	632	571	556	600	575
Unemployment rate	2.3	1.8	1.9	2.1	1.9	1.7	1.6	1.7	1.7

[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.

HOUSEHOLD DATA

Table A-4. Selected employment indicators

(In thousands)

Category	Not seasonally adjusted			Seasonally adjusted					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
CHARACTERISTIC									
Total employed, 16 years and over	131,350	132,285	132,769	129,881	130,994	131,283	131,453	131,209	131,057
Married men, spouse present	42,589	42,582	42,794	42,582	42,779	42,865	42,471	42,539	42,637
Married women, spouse present	32,408	32,412	32,286	32,813	32,872	32,973	32,805	32,805	32,658
Women who maintain families	7,767	7,938	7,752	7,875	7,776	7,813	7,848	7,822	7,846
OCCUPATION									
Managerial and professional specialty	37,209	38,449	38,620	37,598	38,454	38,643	38,641	38,732	39,011
Technical, sales, and administrative support	38,851	38,805	38,923	38,240	38,693	38,585	38,401	38,567	38,500
Service occupations	18,066	18,123	18,111	17,550	17,752	17,478	17,749	17,873	17,584
Precision production, craft, and repair	14,539	14,780	14,584	14,234	14,656	14,673	14,853	14,509	14,312
Operators, fabricators, and laborers	18,773	18,344	18,431	18,476	18,179	18,447	18,322	18,120	18,145
Farming, forestry, and fishing	4,111	3,944	4,098	3,531	3,289	3,495	3,479	3,503	3,503
CLASS OF WORKER									
Agriculture:									
Wage and salary workers	2,156	2,145	2,285	1,897	1,986	1,987	1,871	1,841	2,018
Self-employed workers	1,628	1,524	1,543	1,478	1,242	1,324	1,395	1,470	1,383
Unpaid family workers	64	49	38	52	32	28	51	48	30
Nonagricultural industries:									
Wage and salary workers	118,362	119,370	119,638	117,146	119,131	118,774	119,013	118,854	118,543
Government	17,825	18,220	17,905	18,303	18,072	18,202	18,034	18,497	18,364
Private industries	100,537	101,151	101,733	98,843	101,058	100,571	100,979	100,157	100,179
Private households	960	988	1,021	911	1,022	1,014	1,015	981	974
Other industries	99,578	100,183	100,712	97,932	100,037	99,557	99,964	99,195	99,205
Self-employed workers	9,002	9,088	9,167	8,927	8,784	9,089	9,023	8,999	9,094
Unpaid family workers	137	108	98	129	102	124	97	100	91
PERSONS AT WORK PART TIME									
All industries:									
Part time for economic reasons	4,279	4,033	4,025	4,019	3,902	3,735	3,772	3,837	3,783
Slack work or business conditions	2,211	2,159	2,344	2,236	2,186	2,074	2,104	2,230	2,372
Could only find part-time work	1,726	1,431	1,363	1,489	1,445	1,300	1,344	1,246	1,192
Part time for noneconomic reasons	15,727	17,191	16,168	18,055	18,448	18,084	18,662	18,865	18,584
Nonagricultural industries:									
Part time for economic reasons	4,123	3,871	3,862	3,858	3,726	3,608	3,630	3,676	3,632
Slack work or business conditions	2,115	2,086	2,256	2,121	2,057	1,998	2,024	2,151	2,281
Could only find part-time work	1,683	1,373	1,339	1,462	1,416	1,278	1,315	1,199	1,162
Part time for noneconomic reasons	15,102	16,595	15,528	17,452	17,829	17,470	18,067	18,019	17,972

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

Table A-5. Selected unemployment indicators, seasonally adjusted

Category	Number of unemployed persons (in thousands)			Unemployment rates[1]					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
CHARACTERISTIC									
Total, 16 years and over	6,633	6,237	6,230	4.9	4.7	4.3	4.3	4.5	4.5
Men, 20 years and over	2,810	2,585	2,760	4.1	3.9	3.4	3.5	3.7	3.9
Women, 20 years and over	2,539	2,427	2,358	4.3	4.3	4.1	3.9	4.1	4.0
Both sexes, 16 to 19 years	1,284	1,215	1,120	16.3	15.0	13.1	14.2	14.6	13.8
Married men, spouse present	1,149	952	999	2.6	2.5	2.2	2.4	2.2	2.3
Married women, spouse present	1,049	891	947	3.1	3.3	2.8	2.8	2.9	2.8
Women who maintain families	652	591	576	7.6	7.6	7.8	7.7	6.9	6.8
Full-time workers	5,329	4,905	4,957	4.8	4.5	4.2	4.2	4.4	4.4
Part-time workers	1,305	1,300	1,285	5.4	5.7	4.8	4.7	5.2	5.3
OCCUPATION[2]									
Managerial and professional specialty	751	670	676	2.0	1.8	1.9	1.7	1.7	1.7
Technical, sales, and administrative support	1,626	1,559	1,522	4.1	4.1	3.7	3.9	3.9	3.8
Precision production, craft, and repair	729	648	655	4.9	4.5	3.7	4.4	4.3	4.4
Operators, fabricators, and laborers	1,470	1,339	1,354	7.4	6.9	6.1	6.5	6.9	6.9
Farming, forestry, and fishing	244	244	253	6.5	7.1	5.8	6.4	6.5	7.0
INDUSTRY									
Nonagricultural private wage and salary workers	5,105	4,808	4,863	4.9	4.7	4.3	4.5	4.7	4.6
Goods-producing industries	1,539	1,323	1,408	5.3	5.0	4.4	4.6	4.7	4.9
Mining	27	28	24	4.1	3.7	2.3	1.3	3.9	3.7
Construction	604	549	452	8.7	8.6	8.3	8.0	8.0	8.7
Manufacturing	908	748	932	4.3	3.8	3.9	3.6	3.8	4.4
Durable goods	433	370	555	3.5	3.6	3.5	3.0	2.9	4.3
Nondurable goods	475	378	377	5.4	4.2	4.4	4.6	4.6	4.5
Service-producing industries	3,566	3,585	3,455	4.8	4.6	4.3	4.5	4.7	4.5
Transportation and public utilities	249	284	246	3.4	3.3	3.1	3.0	3.6	3.4
Wholesale and retail trade	1,610	1,522	1,482	6.1	5.4	5.2	5.1	5.7	5.6
Finance, insurance, and real estate	241	161	151	3.1	2.6	2.2	2.0	2.1	2.0
Services	1,466	1,628	1,575	4.4	4.7	4.3	4.8	4.7	4.5
Government workers	510	395	484	2.7	2.9	2.0	2.4	2.0	2.5
Agricultural wage and salary workers	173	163	181	8.4	9.7	8.0	7.9	8.1	8.2

[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					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
NUMBER OF UNEMPLOYED									
Less than 5 weeks	2,643	3,174	2,845	2,446	2,858	2,632	2,634	2,519	2,625
5 to 14 weeks	2,284	1,801	2,178	2,097	1,979	1,901	1,954	2,084	1,983
15 weeks and over	2,053	1,559	1,543	2,128	1,731	1,417	1,462	1,621	1,600
15 to 26 weeks	925	808	685	1,061	841	584	656	852	793
27 weeks and over	1,128	751	858	1,067	891	833	806	769	807
Average (mean) duration, in weeks	15.8	12.8	13.7	16.5	14.3	14.3	14.6	13.8	14.3
Median duration, in weeks	7.7	4.9	6.3	8.2	6.6	6.4	5.9	6.6	6.6
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	37.9	48.6	43.3	36.7	43.5	44.2	43.5	40.5	42.3
5 to 14 weeks	32.7	27.6	33.2	31.4	30.1	31.9	32.3	33.5	31.9
15 weeks and over	29.4	23.9	23.5	31.9	26.4	23.8	24.2	26.0	25.8
15 to 26 weeks	13.3	12.4	10.4	15.9	12.8	9.8	10.8	13.7	12.8
27 weeks and over	16.2	11.5	13.1	16.0	13.6	14.0	13.3	12.4	13.0

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

HOUSEHOLD DATA

Table A-7. Reason for unemployment

(Numbers in thousands)

Reason	Not seasonally adjusted			Seasonally adjusted					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
NUMBER OF UNEMPLOYED									
Job losers and persons who completed temporary jobs	2,895	2,628	2,847	2,954	2,880	2,631	2,772	2,819	2,908
On temporary layoff	873	713	935	894	880	696	786	841	966
Not on temporary layoff	2,022	1,915	1,912	2,060	2,000	1,935	1,986	1,978	1,941
Permanent job losers	1,391	1,289	1,316	(1)	(1)	(1)	(1)	(1)	(1)
Persons who completed temporary jobs	642	626	596	(1)	(1)	(1)	(1)	(1)	(1)
Job leavers	836	714	817	812	744	625	748	786	799
Reentrants	2,417	2,380	2,173	2,263	2,215	2,096	2,033	2,086	2,042
New entrants	833	832	731	564	549	511	493	532	463
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	41.5	40.2	43.3	44.8	45.9	44.9	45.8	45.4	48.8
On temporary layoff	12.5	10.9	14.2	13.6	15.1	11.9	13.0	13.5	15.6
Not on temporary layoff	29.0	29.3	29.1	31.2	30.8	33.0	32.8	31.9	31.3
Job leavers	12.0	10.9	12.4	12.3	11.5	10.7	12.4	12.3	12.9
Reentrants	34.6	36.1	33.1	34.3	34.1	35.7	33.6	33.7	32.9
New entrants	11.9	12.7	11.1	8.6	8.5	8.7	8.2	8.6	7.5
UNEMPLOYED AS A PERCENT OF THE CIVILIAN LABOR FORCE									
Job losers and persons who completed temporary jobs	2.1	1.9	2.0	2.2	2.2	1.9	2.0	2.1	2.1
Job leavers	.6	.5	.6	.6	.5	.5	.5	.6	.6
Reentrants	1.7	1.7	1.6	1.7	1.6	1.5	1.5	1.5	1.5
New entrants	.6	.6	.5	.4	.4	.4	.4	.4	.3

[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					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.5	1.1	1.1	1.6	1.3	1.0	1.1	1.2	1.2
U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.1	1.9	2.0	2.2	2.2	1.9	2.0	2.1	2.1
U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	5.0	4.7	4.7	4.9	4.7	4.3	4.3	4.5	4.5
U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	5.3	4.9	5.0	(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	5.9	5.5	5.6	(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	9.0	8.4	8.5	(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 the 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 1995 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.

HOUSEHOLD DATA

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

Age and sex	Number of unemployed persons (in thousands)			Unemployment rates[1]					
	July 1997	June 1998	July 1998	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998	July 1998
Total, 16 years and over	6,633	6,237	6,230	4.9	4.7	4.3	4.3	4.5	4.5
16 to 24 years	2,350	2,318	2,230	11.0	10.7	9.5	10.0	10.6	10.3
16 to 19 years	1,284	1,215	1,120	16.3	15.0	13.1	14.2	14.6	13.8
16 to 17 years	571	597	484	17.9	16.9	15.2	15.8	18.2	15.2
18 to 19 years	729	618	637	15.5	13.7	11.6	13.2	12.3	12.9
20 to 24 years	1,066	1,103	1,109	7.9	8.0	7.4	7.6	8.1	8.2
25 years and over	4,245	3,901	3,940	3.7	3.6	3.2	3.3	3.4	3.4
25 to 54 years	3,750	3,480	3,460	3.8	3.6	3.3	3.4	3.5	3.5
55 years and over	488	427	479	3.0	2.9	2.5	2.4	2.5	2.8
Men, 16 years and over	3,507	3,249	3,422	4.8	4.6	4.0	4.2	4.4	4.6
16 to 24 years	1,293	1,246	1,293	11.5	11.2	9.7	11.0	10.8	11.4
16 to 19 years	697	653	672	17.2	16.5	14.0	16.0	15.3	15.9
16 to 17 years	309	353	294	18.8	18.5	14.9	17.9	21.0	17.3
18 to 19 years	385	303	371	16.1	15.2	13.3	14.8	11.8	14.6
20 to 24 years	596	592	621	8.3	8.1	7.3	8.1	8.2	8.7
25 years and over	2,201	1,991	2,104	3.6	3.4	3.0	3.0	3.2	3.4
25 to 54 years	1,928	1,762	1,816	3.7	3.5	3.0	3.1	3.3	3.4
55 years and over	274	231	283	3.0	3.1	2.6	2.4	2.5	2.9
Women, 16 years and over	3,126	2,989	2,808	5.0	4.9	4.6	4.4	4.7	4.4
16 to 24 years	1,057	1,073	937	10.4	10.1	9.2	9.0	10.3	9.1
16 to 19 years	587	562	448	15.3	13.4	12.1	12.3	13.9	11.5
16 to 17 years	262	235	200	16.9	15.2	15.5	13.5	15.1	12.9
18 to 19 years	344	315	286	14.8	12.2	9.8	11.4	12.7	11.2
20 to 24 years	470	511	489	7.5	7.9	7.5	6.9	8.0	7.7
25 years and over	2,044	1,910	1,836	3.9	3.9	3.6	3.5	3.6	3.5
25 to 54 years	1,822	1,718	1,644	4.0	4.1	3.7	3.8	3.8	3.6
55 years and over	214	196	196	3.0	2.6	2.4	2.4	2.6	2.6

[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	
	July 1997	July 1998	July 1997	July 1998	July 1997	July 1998
NOT IN THE LABOR FORCE						
Total not in the labor force	64,836	65,934	23,059	23,319	41,777	42,616
Persons who currently want a job	4,777	4,783	1,855	1,813	2,922	2,950
Searched for work and available to work now[1]	1,291	1,328	584	635	697	692
Reason not currently looking:						
Discouragement over job prospects[2]	311	374	170	225	140	149
Reasons other than discouragement[3]	971	853	414	410	557	543
MULTIPLE JOBHOLDERS						
Total multiple jobholders[4]	8,053	7,843	4,366	4,099	3,687	3,544
Percent of total employed	6.1	5.8	6.1	5.7	6.1	5.8
Primary job full time, secondary job part time	4,514	4,253	2,703	2,485	1,810	1,769
Primary and secondary jobs both part time	1,808	1,583	534	539	1,075	1,024
Primary and secondary jobs both full time	258	308	185	223	72	86
Hours vary on primary or secondary job	1,625	1,456	820	821	705	636

[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.

Table B-1. Employees on nonfarm payrolls by industry

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	July 1997	May 1998	June 1998P	July 1998P	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998P	July 1998P
Total	122,660	126,166	126,882	125,797	122,811	124,914	125,234	125,562	125,758	125,824
Total private	104,125	105,956	106,989	107,012	103,219	105,186	105,470	105,734	105,942	106,020
Goods-producing	25,204	25,323	25,628	25,447	24,923	25,276	25,339	25,301	25,297	25,134
Mining	603	579	585	584	593	587	582	579	579	574
Metal mining	55.1	50.7	51.7	51.8	54	51	51	51	51	51
Coal mining	96.0	91.9	90.9	91.0	95	93	92	92	90	91
Oil and gas extraction	339.9	326.8	331.3	329.8	336	326	332	329	331	325
Nonmetallic minerals, except fuels	112.1	110.0	111.1	111.4	108	107	107	107	107	107
Construction	6,005	5,972	6,171	6,293	5,882	5,860	5,930	5,917	5,942	5,960
General building contractors	1,377.7	1,384.5	1,441.2	1,467.3	1,316	1,373	1,385	1,388	1,400	1,403
Heavy construction, except building	855.6	850.2	877.0	894.6	799	805	819	819	820	828
Special trade contractors	3,771.5	3,737.4	3,852.6	3,930.8	3,577	3,682	3,726	3,710	3,722	3,729
Manufacturing	18,596	18,772	18,872	18,570	18,648	18,829	18,827	18,805	18,776	18,600
Production workers	12,810	12,948	13,013	12,716	12,889	13,013	13,007	12,971	12,944	12,773
Durable goods	10,934	11,161	11,207	10,947	10,988	11,166	11,170	11,156	11,144	10,993
Production workers	7,472	7,655	7,683	7,434	7,536	7,669	7,666	7,642	7,629	7,492
Lumber and wood products	802.8	799.9	810.7	813.1	793	801	802	803	800	801
Furniture and fixtures	502.2	524.7	526.7	518.9	510	520	524	526	524	527
Stone, clay, and glass products	561.0	564.8	573.4	571.6	553	558	561	559	562	563
Primary metal industries	702.4	715.1	719.3	695.3	706	719	718	716	717	703
Blast furnaces and basic steel products	234.8	234.5	236.2	234.0	(1)	(1)	(1)	(1)	(1)	(1)
Fabricated metal products	1,457.4	1,494.6	1,497.4	1,465.3	1,472	1,497	1,498	1,495	1,490	1,480
Industrial machinery and equipment	2,159.5	2,206.7	2,212.1	2,182.2	2,185	2,205	2,201	2,201	2,201	2,188
Computer and office equipment	379.3	376.8	375.7	372.7	377	381	377	376	374	371
Electronic and other electrical equipment	1,683.6	1,710.3	1,717.0	1,699.1	1,690	1,722	1,720	1,716	1,715	1,703
Electronic components and accessories	656.5	674.9	675.0	666.8	655	681	678	677	673	666
Transportation equipment	1,814.9	1,892.4	1,893.4	1,752.9	1,840	1,887	1,890	1,886	1,883	1,777
Motor vehicles and equipment	957.5	1,005.3	1,002.4	862.0	980	1,002	1,004	998	993	882
Aircraft and parts	503.0	522.8	523.7	525.1	504	525	525	524	524	527
Instruments and related products	865.0	864.4	867.1	863.3	865	868	867	866	864	863
Miscellaneous manufacturing	385.2	387.9	389.9	385.1	392	389	389	388	388	388
Nondurable goods	7,662	7,611	7,665	7,623	7,660	7,663	7,657	7,649	7,632	7,607
Production workers	5,338	5,293	5,330	5,282	5,353	5,344	5,341	5,329	5,315	5,281
Food and kindred products	1,715.5	1,676.8	1,703.9	1,728.9	1,687	1,704	1,708	1,710	1,708	1,697
Tobacco products	38.0	37.4	36.7	36.5	42	41	42	41	40	40
Textile mill products	611.8	603.1	602.2	590.7	616	604	605	603	598	593
Apparel and other textile products	806.4	783.0	781.6	757.1	824	796	787	780	774	770
Paper and allied products	687.1	682.3	687.4	683.7	684	688	686	685	682	681
Printing and publishing	1,555.9	1,565.2	1,572.0	1,572.0	1,556	1,564	1,565	1,566	1,570	1,573
Chemicals and allied products	1,035.8	1,037.6	1,043.8	1,042.0	1,031	1,036	1,035	1,039	1,037	1,037
Petroleum and coal products	142.7	136.6	138.8	139.1	139	136	137	136	136	136
Rubber and misc. plastics products	982.5	1,005.8	1,014.5	994.1	991	1,009	1,008	1,006	1,006	999
Leather and leather products	86.0	83.6	83.7	79.3	90	85	84	83	83	81
Service-producing	97,456	100,843	101,254	100,350	97,888	99,638	99,895	100,261	100,461	100,690
Transportation and public utilities	6,395	6,544	6,570	6,544	6,411	6,504	6,513	6,534	6,537	6,555
Transportation	4,090	4,202	4,215	4,187	4,120	4,170	4,173	4,191	4,194	4,213
Railroad transportation	230.0	232.6	233.2	234.4	228	231	231	232	232	232
Local and interurban passenger transit	390.3	477.4	456.5	401.8	451	460	453	459	458	464
Trucking and warehousing	1,685.5	1,697.8	1,722.2	1,736.8	1,670	1,690	1,702	1,703	1,708	1,715
Water transportation	190.9	186.8	189.9	196.6	180	183	181	185	183	187
Transportation by air	1,137.2	1,145.8	1,149.5	1,154.8	1,137	1,146	1,147	1,151	1,153	1,155
Pipelines, except natural gas	14.6	14.1	14.5	14.6	14	14	14	14	14	14
Transportation services	441.8	447.3	447.2	447.9	440	446	445	447	446	446
Communications and public utilities	2,305	2,342	2,355	2,357	2,291	2,334	2,340	2,343	2,343	2,342
Communications	1,431.3	1,484.9	1,494.4	1,494.9	1,425	1,475	1,484	1,486	1,489	1,488
Electric, gas, and sanitary services	874.0	856.9	860.7	862.5	866	859	856	857	854	854
Wholesale trade	6,698	6,818	6,862	6,870	6,655	6,783	6,798	6,815	6,819	6,820
Durable goods	3,966	4,065	4,094	4,104	3,942	4,039	4,050	4,059	4,068	4,074
Nondurable goods	2,732	2,753	2,768	2,766	2,713	2,744	2,748	2,756	2,751	2,746

See footnotes at end of table.

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

(In thousands)

Industry	Not seasonally adjusted				Seasonally adjusted					
	July 1997	May 1998	June 1998P	July 1998P	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998P	July 1998P
Retail trade	22,104	22,432	22,649	22,696	21,987	22,259	22,335	22,423	22,454	22,579
Building materials and garden supplies	975.9	1,013.5	1,023.2	1,017.1	940	986	971	972	974	980
General merchandise stores	2,658.7	2,701.5	2,728.1	2,740.1	2,713	2,759	2,784	2,788	2,788	2,798
Department stores	2,337.5	2,382.3	2,405.5	2,417.1	2,385	2,428	2,447	2,452	2,451	2,460
Food stores	3,523.5	3,521.6	3,558.0	3,576.1	3,500	3,536	3,533	3,542	3,538	3,554
Automotive dealers and service stations	2,339.7	2,349.9	2,372.1	2,384.6	2,311	2,333	2,337	2,345	2,351	2,354
New and used car dealers	1,054.8	1,059.8	1,065.3	1,070.4	1,051	1,056	1,058	1,060	1,064	1,067
Apparel and accessory stores	1,082.9	1,080.1	1,097.4	1,103.1	1,093	1,098	1,105	1,108	1,110	1,111
Furniture and home furnishings stores	1,000.2	1,041.9	1,048.3	1,056.5	1,010	1,048	1,045	1,055	1,059	1,065
Eating and drinking places	7,775.1	7,861.5	7,960.3	7,952.8	7,816	7,845	7,881	7,714	7,724	7,793
Miscellaneous retail establishments	2,747.5	2,861.7	2,861.8	2,865.3	2,804	2,874	2,879	2,901	2,910	2,926
Finance, insurance, and real estate	7,188	7,310	7,404	7,452	7,095	7,258	7,289	7,311	7,334	7,366
Finance	3,439	3,531	3,569	3,592	3,413	3,512	3,521	3,536	3,549	3,567
Depository institutions	2,044.1	2,038.5	2,055.5	2,062.2	2,027	2,041	2,041	2,044	2,043	2,046
Commercial banks	1,472.8	1,458.6	1,469.4	1,473.4	1,459	1,465	1,463	1,463	1,460	1,461
Savings institutions	263.9	263.9	266.3	267.8	262	262	263	264	265	266
Nondepository institutions	569.2	612.0	620.5	626.9	567	602	605	611	618	624
Mortgage bankers and brokers	252.4	283.2	288.3	292.1	251	276	278	281	285	289
Security and commodity brokers	603.2	640.0	650.3	660.1	598	633	636	641	647	655
Holding and other investment offices	222.5	240.1	242.3	243.0	221	236	239	240	241	242
Insurance	2,272	2,319	2,336	2,348	2,259	2,302	2,312	2,320	2,328	2,336
Insurance carriers	1,543.5	1,578.3	1,590.8	1,601.1	1,534	1,566	1,574	1,579	1,586	1,594
Insurance agents, brokers, and service	728.5	740.5	744.7	745.2	725	736	738	741	742	742
Real estate	1,477	1,460	1,499	1,514	1,423	1,444	1,456	1,455	1,457	1,463
Services[2]	36,536	37,529	37,876	38,003	36,148	37,106	37,196	37,350	37,501	37,566
Agricultural services	758.3	758.0	789.3	792.6	682	695	706	700	707	713
Hotels and other lodging places	1,878.4	1,788.3	1,874.7	1,920.5	1,738	1,755	1,767	1,769	1,773	1,780
Personal services	1,137.8	1,176.8	1,157.9	1,142.1	1,179	1,178	1,186	1,190	1,185	1,184
Business services	8,074.2	8,467.9	8,585.4	8,592.9	8,035	8,412	8,422	8,491	8,549	8,557
Services to buildings	944.9	980.0	985.9	986.1	940	966	965	975	975	979
Personnel supply services	3,018.7	3,134.4	3,192.2	3,172.5	3,004	3,149	3,140	3,156	3,184	3,156
Help supply services	2,691.7	2,801.4	2,850.9	2,831.6	2,673	2,819	2,806	2,818	2,847	2,814
Computer and data processing services	1,417.7	1,575.0	1,597.1	1,618.2	1,420	1,538	1,561	1,578	1,598	1,619
Auto repair, services, and parking	1,133.6	1,154.7	1,167.2	1,172.2	1,125	1,145	1,146	1,153	1,160	1,164
Miscellaneous repair services	381.5	385.3	390.3	390.4	377	382	383	385	387	385
Motion pictures	555.7	565.3	557.2	565.1	548	565	563	567	553	555
Amusement and recreation services	1,873.9	1,755.5	1,941.9	2,005.3	1,582	1,647	1,660	1,662	1,675	1,686
Health services	9,759.8	9,881.2	9,927.2	9,941.1	9,731	9,867	9,873	9,887	9,905	9,902
Offices and clinics of medical doctors	1,751.4	1,804.0	1,818.0	1,827.1	1,745	1,798	1,801	1,808	1,812	1,818
Nursing and personal care facilities	1,761.9	1,756.9	1,762.1	1,762.7	1,756	1,761	1,760	1,762	1,760	1,756
Hospitals	3,863.9	3,938.9	3,960.3	3,972.8	3,871	3,925	3,938	3,945	3,954	3,959
Home health care services	716.5	686.0	684.5	674.2	718	696	687	684	685	674
Legal services	963.7	971.8	994.7	1,000.7	948	970	972	977	980	984
Educational services	1,853.5	2,228.2	2,012.6	1,923.7	2,122	2,189	2,192	2,195	2,209	2,202
Social services	2,516.1	2,634.6	2,625.9	2,633.6	2,531	2,587	2,595	2,609	2,630	2,637
Child day care services	518.1	587.6	569.5	537.9	572	575	577	575	583	588
Residential care	727.0	748.4	755.1	759.9	719	744	746	749	748	752
Museums and botanical and zoological gardens	98.4	94.8	98.3	99.9	90	92	92	91	91	91
Membership organizations	2,322.1	2,265.3	2,305.7	2,341.8	2,253	2,263	2,265	2,266	2,269	2,272
Engineering and management services	3,035.0	3,206.0	3,252.0	3,278.1	3,013	3,164	3,178	3,212	3,232	3,258
Engineering and architectural services	882.6	911.5	932.7	940.3	870	904	910	913	921	928
Management and public relations	958.6	1,031.5	1,045.2	1,053.9	949	1,012	1,011	1,029	1,036	1,045
Services, nec	50.5	51.8	52.4	52.7	(1)	(1)	(1)	(1)	(1)	(1)
Government	18,535	20,210	19,893	18,785	19,592	19,726	19,764	19,828	19,816	19,804
Federal	2,713	2,676	2,695	2,699	2,691	2,671	2,674	2,671	2,674	2,672
Federal, except Postal Service	1,867.5	1,821.9	1,839.2	1,835.0	1,839	1,815	1,814	1,810	1,813	1,811
State	4,382	4,697	4,487	4,414	4,617	4,619	4,620	4,637	4,626	4,634
Education	1,645.5	1,993.3	1,753.3	1,649.3	1,933	1,928	1,925	1,932	1,926	1,929
Other State government	2,736.0	2,703.7	2,734.1	2,764.2	2,684	2,691	2,695	2,705	2,700	2,705
Local	11,440	12,837	12,711	11,682	12,284	12,436	12,470	12,520	12,516	12,498
Education	5,770.7	7,404.0	7,083.4	5,913.7	6,913	7,003	7,023	7,053	7,050	7,050
Other local government	5,669.4	5,433.2	5,628.0	5,768.5	5,371	5,435	5,447	5,467	5,466	5,448

[1] 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.

[2] Includes other industries, not shown separately.

P = preliminary.

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

Industry	Not seasonally adjusted				Seasonally adjusted					
	July 1997	May 1998	June 1998[p]	July 1998[p]	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998[p]	July 1998[p]
Total private	34.8	34.6	34.7	34.8	34.5	34.6	34.5	34.7	34.6	34.6
Goods-producing	41.0	41.2	41.2	40.9	41.3	41.0	40.8	41.1	41.0	41.1
Mining	45.1	44.4	44.0	43.6	45.3	43.8	44.1	44.6	43.8	44.4
Construction	40.1	39.2	39.1	40.0	39.0	38.5	38.7	38.6	38.4	39.1
Manufacturing	41.2	41.8	41.8	41.1	41.9	41.8	41.4	41.8	41.8	41.7
Overtime hours	4.5	4.6	4.6	4.4	4.8	4.8	4.5	4.6	4.6	4.6
Durable goods	41.9	42.5	42.5	41.4	42.7	42.5	41.9	42.4	42.4	42.1
Overtime hours	4.7	4.8	4.8	4.5	5.1	5.0	4.8	4.8	4.8	4.9
Lumber and wood products	40.8	41.4	41.6	41.0	41.2	41.2	41.2	41.2	41.3	41.0
Furniture and fixtures	39.5	40.1	40.9	40.3	40.0	40.7	40.7	40.7	41.1	40.7
Stone, clay, and glass products	43.3	43.9	43.9	43.9	43.2	43.2	43.3	43.5	43.3	43.7
Primary metal industries	43.9	44.5	44.5	43.3	44.6	44.6	43.9	44.5	44.5	43.8
Blast furnaces and basic steel products	44.3	45.4	44.9	44.0	44.3	45.3	44.9	45.6	45.0	43.9
Fabricated metal products	41.6	42.5	42.6	41.4	42.5	42.4	41.8	42.6	42.5	42.2
Industrial machinery and equipment	42.8	43.1	43.2	42.3	43.5	43.3	42.6	43.0	43.2	43.0
Electronic and other electrical equipment	41.2	41.2	41.4	40.7	42.1	41.4	41.1	41.4	41.4	41.4
Transportation equipment	42.4	43.7	43.0	40.6	44.1	43.4	42.1	43.3	42.6	42.4
Motor vehicles and equipment	42.1	44.1	42.7	39.5	44.4	43.5	42.0	43.3	42.4	41.6
Instruments and related products	41.2	41.2	41.3	40.6	41.8	41.5	41.3	41.4	41.3	41.3
Miscellaneous manufacturing	39.5	39.9	39.9	39.2	40.4	40.5	40.1	40.0	40.0	40.0
Nondurable goods	40.3	40.8	40.9	40.5	40.7	40.8	40.7	41.0	40.9	41.0
Overtime hours	4.3	4.2	4.3	4.4	4.3	4.4	4.2	4.4	4.4	4.5
Food and kindred products	41.1	41.5	41.4	41.6	41.2	41.5	41.3	41.8	41.6	42.0
Tobacco products	35.3	39.0	39.8	39.3	36.6	37.7	38.2	39.3	38.9	40.6
Textile mill products	40.6	41.1	41.5	40.5	41.4	41.2	41.0	41.3	41.1	41.1
Apparel and other textile products	36.6	37.4	37.6	36.9	37.1	37.2	37.7	37.4	37.4	37.3
Paper and allied products	43.3	43.3	43.5	42.8	43.5	43.4	43.0	43.5	43.6	43.3
Printing and publishing	38.1	38.1	38.0	38.2	38.4	38.4	38.2	38.4	38.3	38.5
Chemicals and allied products	42.7	43.0	43.1	42.6	43.1	43.4	43.1	43.1	43.1	42.9
Petroleum and coal products	42.8	42.9	43.3	43.6	(2)	(2)	(2)	(2)	(2)	(2)
Rubber and misc. plastics products	41.0	41.9	42.0	41.1	41.7	41.5	41.7	42.1	42.0	42.1
Leather and leather products	37.8	37.4	38.1	36.1	38.3	37.9	37.3	37.3	37.6	36.2
Service-producing	33.1	32.8	33.0	33.3	32.7	32.8	32.9	33.0	32.9	33.0
Transportation and public utilities	39.5	39.5	39.7	39.7	39.3	39.8	39.6	39.8	39.6	39.6
Wholesale trade	38.3	38.4	38.3	38.4	38.3	38.3	38.3	38.5	38.2	38.4
Retail trade	29.6	29.0	29.3	29.9	28.9	28.9	29.0	29.1	29.0	29.2
Finance, insurance, and real estate	35.9	36.1	36.0	36.1	(2)	(2)	(2)	(2)	(2)	(2)
Services	32.8	32.5	32.7	32.9	32.5	32.6	32.6	32.7	32.7	32.7

[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			
	July 1997	May 1998	June 1998P	July 1998P	July 1997	May 1998	June 1998P	July 1998P
Total private	$12.17	$12.70	$12.66	$12.67	$423.52	$439.42	$439.30	$440.92
Seasonally adjusted	12.27	12.73	12.76	12.79	423.32	441.73	441.50	442.53
Goods-producing	13.93	14.26	14.27	14.35	571.13	588.34	587.92	586.92
Mining	16.07	16.73	16.72	16.75	724.76	742.81	735.68	730.30
Construction	16.03	16.42	16.43	16.64	642.80	643.66	642.41	665.60
Manufacturing	13.10	13.47	13.44	13.40	539.72	563.05	561.79	550.74
Durable goods	13.61	13.98	13.94	13.83	570.26	594.15	592.45	572.56
Lumber and wood products	10.83	11.06	11.09	11.17	441.86	457.88	461.34	457.97
Furniture and fixtures	10.53	10.79	10.81	10.95	415.94	432.68	442.13	441.29
Stone, clay, and glass products	13.20	13.58	13.59	13.65	571.56	596.16	596.60	599.24
Primary metal industries	15.26	15.54	15.53	15.69	670.79	691.53	691.09	679.38
Blast furnaces and basic steel products	18.13	18.55	18.56	18.81	803.16	842.17	833.34	827.64
Fabricated metal products	12.86	13.02	13.00	12.89	526.66	553.35	553.80	533.65
Industrial machinery and equipment	14.02	14.36	14.41	14.45	600.06	618.92	622.51	611.24
Electronic and other electrical equipment	12.69	13.05	13.07	13.16	522.83	537.66	541.10	535.61
Transportation equipment	17.20	17.65	17.47	17.06	729.28	771.31	751.21	686.05
Motor vehicles and equipment	17.52	18.16	17.86	17.21	737.59	800.86	762.62	679.80
Instruments and related products	13.50	13.75	13.69	13.76	556.20	565.50	565.40	558.66
Miscellaneous manufacturing	10.51	10.79	10.81	10.81	415.15	430.52	431.32	423.75
Nondurable goods	12.36	12.71	12.69	12.79	498.11	518.57	519.02	518.00
Food and kindred products	11.52	11.78	11.76	11.77	473.47	486.87	486.86	489.63
Tobacco products	20.96	20.35	20.87	21.11	739.89	793.65	830.63	829.62
Textile mill products	10.02	10.37	10.36	10.40	406.81	426.21	429.94	421.20
Apparel and other textile products	8.19	8.46	8.50	8.49	299.75	316.40	321.30	313.26
Paper and allied products	15.16	15.50	15.44	15.65	656.43	671.15	671.64	669.82
Printing and publishing	13.01	13.32	13.30	13.38	495.58	507.49	505.40	511.12
Chemicals and allied products	16.59	17.11	17.05	17.23	708.39	735.73	734.86	734.00
Petroleum and coal products	20.00	20.80	20.74	20.80	856.00	892.32	898.04	911.04
Rubber and misc. plastics products	11.57	11.85	11.82	11.91	474.37	486.52	486.44	486.50
Leather and leather products	8.78	9.33	9.35	9.27	331.88	348.94	356.24	334.65
Service-producing	11.58	12.18	12.13	12.13	383.30	399.50	400.29	403.93
Transportation and public utilities	14.99	15.21	15.24	15.35	592.11	600.80	605.03	609.40
Wholesale trade	13.38	13.96	13.89	13.98	512.45	536.06	531.99	536.83
Retail trade	8.27	8.71	8.69	8.70	244.79	252.59	254.62	260.13
Finance, insurance, and real estate	13.21	13.99	13.94	13.95	474.24	505.04	501.84	503.80
Services	12.06	12.75	12.70	12.68	395.57	414.38	415.29	417.17

[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	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998P	July 1998P	Percent change from: June 1998-July 1998
Total private:							
Current dollars	$12.27	$12.63	$12.70	$12.73	$12.76	$12.79	0.2
Constant (1982) dollars[2]	7.55	7.72	7.74	7.73	7.75	N.A.	(3)
Goods-producing	13.89	14.25	14.25	14.27	14.28	14.33	.4
Mining	16.15	16.82	16.72	16.77	16.72	16.82	.6
Construction	15.99	16.40	16.45	16.46	16.50	16.65	.9
Manufacturing	13.13	13.46	13.44	13.47	13.47	13.45	-.1
Excluding overtime[4]	12.42	12.73	12.76	12.76	12.76	12.73	-.2
Service-producing	11.73	12.10	12.19	12.23	12.26	12.30	.3
Transportation and public utilities	14.99	15.27	15.32	15.31	15.31	15.37	.4
Wholesale trade	13.45	13.84	13.88	14.00	13.98	14.06	.6
Retail trade	8.33	8.64	8.70	8.72	8.72	8.77	.6
Finance, insurance, and real estate	13.36	13.85	14.00	14.03	14.08	14.11	.2
Services	12.28	12.65	12.76	12.81	12.87	12.91	.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 .3 percent from May 1998 to June 1998, 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.

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					
	July 1997	May 1998	June 1998P	July 1998P	July 1997	Mar. 1998	Apr. 1998	May 1998	June 1998P	July 1998P
Total private	143.6	144.9	146.9	147.5	141.3	143.8	144.0	144.9	144.8	145.2
Goods-producing	115.1	115.8	117.3	115.2	114.2	115.1	114.9	115.3	114.9	114.2
Mining	56.8	55.7	55.8	55.2	57.8	55.6	55.4	56.0	54.7	54.8
Construction	171.4	165.2	170.9	179.0	156.1	158.7	161.5	160.5	160.5	163.8
Manufacturing	106.5	109.0	109.8	105.3	108.9	109.7	108.7	109.4	109.1	107.3
Durable goods	109.1	113.4	113.8	107.5	112.3	113.7	112.2	113.1	112.8	110.2
Lumber and wood products	142.7	143.6	146.7	145.4	142.3	143.6	143.8	143.6	143.7	143.1
Furniture and fixtures	123.3	132.0	134.5	130.8	127.9	132.7	133.7	134.0	134.7	134.3
Stone, clay, and glass products	114.8	117.1	119.0	118.4	112.6	113.9	114.1	114.7	114.4	116.2
Primary metal industries	91.1	94.5	95.2	89.0	93.7	95.5	93.7	94.6	94.8	91.1
Blast furnaces and basic steel products	71.9	74.1	73.8	71.6	72.0	74.4	73.4	74.5	73.5	71.7
Fabricated metal products	113.0	118.8	119.5	113.0	117.2	119.1	117.5	119.2	118.4	116.8
Industrial machinery and equipment	106.8	110.9	111.4	106.8	109.3	111.1	109.1	110.1	110.8	109.4
Electronic and other electrical equipment	108.1	109.7	110.5	108.8	111.4	111.3	110.1	110.7	110.4	109.5
Transportation equipment	120.5	128.3	126.8	107.1	127.7	126.7	124.6	127.0	125.1	113.3
Motor vehicles and equipment	153.5	166.3	160.2	121.6	166.5	164.6	158.9	161.8	157.2	131.9
Instruments and related products	74.7	76.2	76.5	75.4	76.1	76.8	76.6	76.6	76.3	76.8
Miscellaneous manufacturing	100.1	101.9	102.5	98.8	104.2	104.1	103.4	102.0	102.0	102.0
Nondurable goods	102.9	103.1	104.2	102.3	104.1	104.3	104.0	104.4	103.9	103.4
Food and kindred products	118.2	115.7	118.0	120.3	116.2	118.5	118.3	119.9	119.1	119.0
Tobacco products	49.2	54.5	53.8	52.7	58.0	59.7	62.5	62.3	59.7	62.4
Textile mill products	87.4	87.4	88.2	84.2	90.0	87.8	87.4	87.7	86.8	85.9
Apparel and other textile products	70.4	69.2	69.6	65.6	73.4	70.2	70.0	68.8	68.3	67.9
Paper and allied products	110.6	109.7	111.1	108.5	110.7	111.1	109.9	110.7	110.5	109.1
Printing and publishing	124.9	124.2	124.1	124.5	126.1	125.3	124.7	125.6	125.4	125.7
Chemicals and allied products	99.4	102.5	103.4	101.5	100.4	103.4	102.7	102.8	102.8	102.2
Petroleum and coal products	77.1	73.6	75.8	76.5	74.5	73.6	73.1	73.9	73.3	73.8
Rubber and misc. plastics products	140.7	148.0	149.8	143.0	145.2	147.2	148.1	148.9	148.4	147.4
Leather and leather products	37.3	36.5	37.0	33.0	40.0	37.3	36.7	36.1	36.4	34.5
Service-producing	156.3	157.9	160.2	162.0	153.5	156.7	157.0	158.2	158.2	159.2
Transportation and public utilities	129.7	130.6	131.9	131.6	129.3	130.9	130.2	131.5	130.7	131.5
Wholesale trade	127.0	128.4	129.3	129.4	125.8	127.6	127.9	128.8	127.9	128.5
Retail trade	141.8	140.9	143.7	146.6	137.7	139.3	139.8	141.1	140.7	142.6
Finance, insurance, and real estate	130.5	133.9	135.9	137.0	129.2	133.6	134.2	134.9	134.9	136.0
Services	190.5	193.6	196.4	198.7	186.8	191.9	192.3	193.7	194.5	194.8

[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	59.3	60.5	67.0	64.5	58.6	63.3	63.8	61.7	61.5	60.4	64.0	61.7
1995	62.5	60.0	54.9	55.6	47.8	55.6	54.8	59.0	58.0	55.8	54.5	58.8
1996	50.8	64.8	59.6	56.6	62.8	61.0	57.3	61.5	58.0	62.5	62.2	60.7
1997	58.0	61.4	59.8	63.6	60.1	54.8	61.1	59.1	60.0	64.3	62.4	64.9
1998	63.8	58.7	59.6	56.9	56.6	P59.1	P52.9					
Over 3-month span:												
1994	64.5	69.2	69.9	68.4	66.6	67.1	69.0	69.5	66.2	65.6	66.6	66.3
1995	63.6	61.4	59.4	53.1	55.2	53.2	59.7	60.1	59.1	58.0	56.6	54.6
1996	61.9	62.8	64.0	63.6	63.5	64.9	64.2	61.5	63.9	64.2	67.0	66.6
1997	64.9	63.3	65.6	66.2	63.9	61.2	60.1	65.9	67.4	68.1	70.6	71.9
1998	68.4	67.3	64.2	61.7	P60.4	P57.6						
Over 6-month span:												
1994	70.9	69.9	69.7	71.2	70.2	69.8	69.8	70.2	68.7	67.4	66.7	65.4
1995	66.4	60.1	59.1	57.3	59.0	60.1	57.6	60.4	59.7	59.3	61.1	63.2
1996	62.8	65.4	64.7	65.7	66.2	65.0	66.4	66.0	66.2	67.6	68.9	66.3
1997	67.6	67.0	65.3	64.9	65.6	67.3	68.0	67.3	70.6	72.3	73.3	72.6
1998	72.1	70.9	P68.8	P63.5								
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	61.5	63.5	65.4
1996	64.5	66.7	64.5	65.6	68.5	67.3	67.7	66.4	68.0	69.9	69.1	68.3
1997	69.8	67.6	69.2	70.1	69.8	69.8	71.2	71.2	71.1	73.0	72.9	P72.1
1998	P71.3											
	Manufacturing payrolls, 139 industries[1]											
Over 1-month span:												
1994	56.8	56.5	60.1	59.0	53.6	58.3	59.0	55.8	53.6	56.5	58.3	56.8
1995	54.7	54.3	46.4	53.2	42.4	44.2	46.4	49.6	48.6	52.2	45.3	48.2
1996	42.8	54.7	48.2	42.1	55.4	50.7	47.1	55.4	47.8	52.9	54.3	55.4
1997	49.3	54.3	50.0	56.8	51.4	52.2	50.4	48.9	58.5	57.2	56.1	60.8
1998	55.8	51.8	52.5	48.6	45.0	P46.8	P41.4					
Over 3-month span:												
1994	60.4	63.7	63.7	60.4	57.6	59.7	61.9	56.8	54.3	55.4	60.6	59.0
1995	56.8	50.0	47.8	42.1	43.2	38.6	40.6	43.5	48.2	47.1	45.3	39.9
1996	43.9	48.8	48.0	47.5	46.4	49.3	51.4	50.0	53.6	51.1	57.6	54.7
1997	54.3	49.3	54.3	54.0	55.4	50.4	47.5	52.2	57.9	62.6	64.7	65.5
1998	60.1	59.0	50.7	46.4	P42.8	P39.9						
Over 6-month span:												
1994	60.4	62.9	61.2	62.6	59.4	57.2	57.6	58.6	58.6	54.7	57.2	55.0
1995	55.4	46.4	42.8	40.3	41.4	42.4	41.0	41.0	43.9	43.2	43.2	45.3
1996	42.1	45.3	46.4	47.1	48.2	48.6	51.1	50.4	52.9	52.9	53.2	52.2
1997	54.3	54.3	51.4	52.9	51.4	55.0	56.8	57.6	60.4	64.4	67.6	65.8
1998	61.5	56.8	P51.4	P41.0								
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	38.6	36.3	38.5	39.9	44.6
1996	43.5	47.5	45.3	45.3	50.4	49.6	50.4	48.6	51.1	55.0	54.0	51.8
1997	57.2	52.5	54.7	56.5	57.9	57.6	58.6	58.6	60.4	60.4	59.4	P57.9
1998	P54.0											

[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 REPRESENTATIVE MAURICE D. HINCHEY

Good morning Commissioner Abraham and welcome back to the JEC. It's always a pleasure to see you again, especially when you are bringing us good news. The unemployment rate remained at 4.5 percent, despite dramatically slower economic growth in the second quarter, the General Motors strike, and the continued effects of the East Asian crisis on the world economy.

Despite the strong unemployment numbers, I am worried, however, that the Asian situation has not expressed itself fully in our economy. There are many sign that the situation is worsening - second quarter growth slowed to less than 2 percent from a stunning 5 ½ percent in the first quarter, though I am sure that some of this can be attributed to the GM strike. The trade deficit continues to skyrocket, reaching new record highs every month. Corporate profits, most notably in the high tech sector, are falling off as Asian markets dry up. Commodity prices, particularly in agricultural products, have fallen precipitously. As a result, farm income in some places in the Midwest and plains states have fallen by over 90 percent from last year.

In the face of all of this evidence, there are still some on the Federal Reserve Board who are clamoring for higher interest rates. They interpret the strong employment numbers and wage growth as the biggest causes for concern, as if productivity gains and the events in Asia were not factors at play here.

I began calling for the Fed to lower interest rates last summer, when it became clear that the falling unemployment rate was not going to cause inflation to rise. I was concerned at that time that the Fed would interpret the first real, albeit modest, increase in workers' wages in almost two decades as a precursor to inflation and act to slow economic growth. This was before the East Asian economic situation was a factor in the economy.

At the end of last October, when the dimensions of the Asian crisis became apparent, Alan Greenspan appeared before this Committee. At that time, I urged Chairman Greenspan to hold the line on interest rates until we knew how Asia would play out here in this country. I expressed concern that disinflation or even deflation, due to the strong dollar and increased exports, might be the real problem facing us. I am still worried that that might be the case, and continue to hope that the Federal Reserve

will lower interest rates when the Open Market Committee meets on August 18.

Commissioner Abraham, I know that you are just the messenger, that you do not take policy positions. But I hope that the numbers you have brought us can give some measure of comfort that our economy is still strong and that there is still time for the Fed to take preemptive action to head off a recession here at home.

Again, I thank the Chairman for calling this hearing, and look forward to your statement.

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