

Washington Labor Market

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Highlights

YEAR ENDS ON A MIXED SIGNAL—OR DID IT?.....	1
LABOR FORCE AND UNEMPLOYMENT.....	2
INDUSTRY DEVELOPMENTS.....	4
<i>Over the Month</i>	4
<i>Year-Over-Year</i>	4
AREA TRENDS	5
INDUSTRY NOTES	6
<i>Weyerhaeuser Waits Out Willamette</i>	6
<i>Downturn Disrupts Migrant Stream</i>	7
<i>Plane Outlook Just Plain Painful</i>	8
<i>Ides of March</i>	9
<i>Puget Sound Energy Transmits to Quanta Services</i>	10
<i>WestCoast Roars Ahead</i>	10
<i>Museums Exhibit Downturn</i>	10
<i>State's Credit Rating Reduced</i>	11
NATIONAL INDICATORS	12
<i>Growth—Albeit Tenuous—Returns</i>	12
<i>That's All Folks!</i>	12
<i>Greenspan Softens Support for Stimulus</i>	13
<i>Postal Plunge</i>	13
<i>Lesser Seattle</i>	14

YEAR ENDS ON A MIXED SIGNAL—OR DID IT?

As 2001 drew to a close, it was clear that Washington's labor market situation had eroded significantly over the year, notwithstanding the fact that the unemployment rate was unchanged in December. The latter caused speculation that the state's labor market and economy had stabilized and was poised to rebound. Possible, but unlikely. What *is* clear, however, is that the state's unemployment rate rose roughly two percentage points over the year in both seasonally adjusted and not seasonally adjusted terms. Also noteworthy is the fact that Washington's resident civilian labor force—a measure of all individuals 16 years of age and older who are either working or actively looking for work—fell 2.5 percent from December 2000 to December 2001. A 2.5 percent decline may not seem like much, but it represents the greatest labor force contraction in at least three decades. Even the labor force contraction spawned by the double-dip recession of the early 1980s, which caused a 1.2 percent decline in 1984, pales in comparison.

While there are no state data to pinpoint why individuals are exiting Washington's labor force, there are national data that provide some insight. The first revelation is that more people are *marginally attached* to the labor force. The marginally attached are those who report that they want and are available to work and looked for a job some time in the prior 12 months, but had not actively looked for work in the last 4 weeks. Nationally, their numbers rose 17.5 percent from December to December to more than 1.3 million. Then there is the matter of *discouraged workers*, a subset of the marginally attached. Discouraged workers are individuals who report that they are not currently looking for work because they do not believe there were any jobs available for them. The ranks of these individuals rose 30 percent over the year to 344,000. Dropping out of the labor force is not unusual phenomena during periods of economic downturn. The fact that Washington's seasonally adjusted nonfarm employment continued to fall at an accelerated annual rate in December only serves to establish that Washington jobseekers may have been exhibiting a rational labor market response as job prospects diminished.

LABOR FORCE AND UNEMPLOYMENT

Washington's seasonally adjusted unemployment rate was unchanged in December at 7.1 percent, following a one-tenth of one percentage point upward revision to the November rate. Comparatively, the seasonally adjusted national rate rose two-tenths of one percent over the month to 5.8 percent. Washington's not seasonally adjusted unemployment rate was unchanged at 7.0 percent in December following a two-tenths of one percentage point revision to the November rate.

With the preliminary December data in, the annual average unemployment rate for 2001 is preliminarily estimated to be 6.0 percent. That represents a considerable eight-tenths of a percentage point increase over the 5.2 percent from 2000. It is also worth noting that the big run up in 2001 came in the latter half of the year.

Though the not seasonally adjusted statewide unemployment rate was unchanged, there was much more diversity among its counties. Nearly two-thirds of Washington's counties saw their jobless rate rise over the month. All but Spokane were rural and all, including Spokane, had resource-based economies, either agriculture or forest products related. The over-the-month changes distinctly reveal not only the end of Washington's apple harvest and related activities, but also the end of the winter wheat harvest. The largest unemployment rate jumps from November to December were revealed in Garfield and Okanogan counties to the tune of better than two percentage points. By and large, the state's metropolitan counties saw their month-over-month jobless rates fall from one- to two-tenths of a percentage point. However, it was Wahkiakum County, one of the state's smallest, that experienced the greatest decline in unemployment over the month by falling nearly one and a half percentage points.

Over-the-year changes in unemployment rates provide the most meaningful insight into the labor market softening that has occurred. Still leading the pack with the sharpest run-ups in year-over-year jobless rates are counties that represent southwest Washington—Skamania, Cowlitz, Clark, and Klickitat. Skamania's in particular is up more than five percentage points over the year. The rest have seen their jobless rates rise between three and four percentage points over the year. All have been impacted adversely by events in

their aluminum, pulp and paper, and lumber and wood products sectors. Central Puget Sound's I-5 corridor also saw significant increases in unemployment as King, Pierce, and Snohomish counties' unemployment rates jumped from two to three percentage points over the year as their manufacturing, trade, and services sectors all weakened. Indeed, events in central Puget Sound and southwest Washington are largely responsible for the more than two percentage point increase in the statewide jobless rate over the year.

As 2001 came to a close, fewer and fewer Washington counties could boast of having seen their unemployment rates fall over the year. In November, more than a third of Washington's counties saw either declining unemployment rates, no change in unemployment rates, or unemployment rates that rose negligibly (no more than two-tenths of one percent) over the year. By December, the list had shrunk to a fourth. All were still rural counties, with representation primarily from southeast Washington and the Olympic Peninsula. Adams, Asotin, and Columbia counties saw the greatest "improvement" in unemployment inasmuch as all of their jobless rates fell six-tenths of a percentage point over the year.

At 14.8 percent, Adams County's unemployment rate was the highest among Washington counties in December 2001, not to mention more than twice the state average. Klickitat and Skamania counties, at 14.7 percent and 14.0 percent, respectively, also had jobless rates that were at least twice the state average. Another eleven Washington counties had jobless rates in double digits, which put at least a third of all counties in that category. The general characteristics of the counties were that they were exclusively rural, resource-dependent areas tied to industries such as agriculture, logging and lumber, and aluminum smelting. The lowest unemployment rate in December was Whitman County at 2.3 percent.

INDUSTRY DEVELOPMENTS

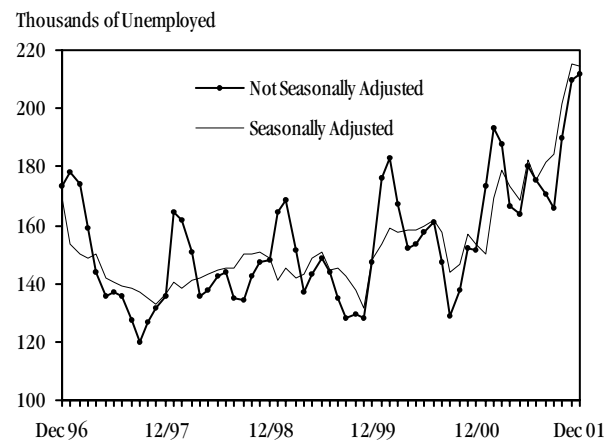
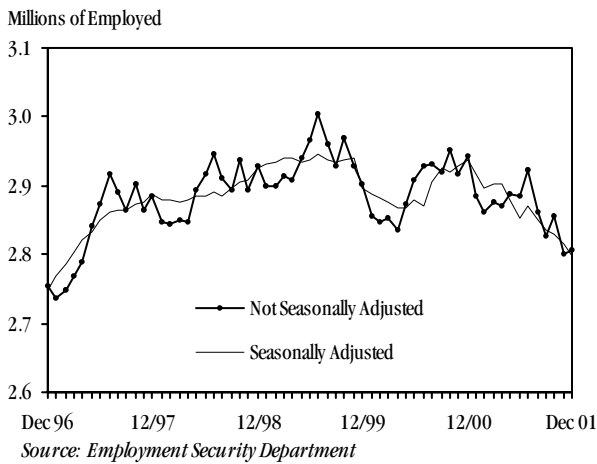
Over the Month

Washington's total nonagricultural wage and salary employment fell by 23,700 jobs or 0.9 percent in the month of December. Manufacturing lost 9,600 jobs with durable and nondurable goods shedding 6,100 and 3,500 workers, respectively. The biggest loss in durable goods was the 4,400 jobs eliminated in aircraft and parts, the first in a series of layoffs to come by mid-year. In nondurable goods, food processing posted a loss of 2,800 jobs. Construction cut 6,000 jobs with heavy construction and special trade contractors down more than usual. Retail trade added 2,000 jobs despite no gains in general merchandise stores or eating and drinking places. It did, however, add 800 in apparel and accessory stores. The retail gain, however, was less than half that seen last year. Services shed 1,300 jobs as growth in amusement and recreation (+1,200), engineering and management (+300), health services (+200), personal services (+200), and legal services (+200) was not enough to offset the losses in business services (-1,200), including computer and data processing (-500), hotels and lodging (-400), and others. Transportation, communications and utilities was down 700 with the 400 gain in air transportation offset by losses elsewhere. Finance, insurance, and real estate added 400 jobs with real estate (-200) the one negative. State government was down almost entirely due to a 2,600 decline in education as winter break began. Local government shed 5,500 jobs, mostly election workers brought on in November.

Year-Over-Year

Nonfarm wage and salary employment adjusted in collaboration with the Office of the Forecast Council fell by 45,100 jobs or 1.7 percent from December 2000 to December 2001. Manufacturing shed 23,300 jobs with losses across the board. Aluminum (-1,500), electronics (-4,100), lumber and wood (-2,000), preserved fruits and vegetables (-2,200), and ship and boat building and repairing (-1,500) were the hardest hit as their ranks were down roughly 20 over the year. Aircraft and parts were down 3,500 jobs. Construction was down 4,900 jobs. Wholesale and retail trade lost 13,700 jobs with general merchandise (-3,000), building material and garden supplies (-1,400), apparel (-1,300) and eating and drinking places (-1,100)

Washington State Total Resident Employment and Unemployment December 1996-December 2001



registering the biggest retail losses. Services added 2,600 workers despite losses of 12,000 in business services (including 2,800 in computer and data processing), 1,200 in hotels and lodging, and 800 in personal services as health care (+6,600), engineering and management (+3,300), social services (+2,400), amusement and recreation (+1,900) and education services (+1,200) served as offsets. Transportation, communications, and utilities were down 6,400. Finance, insurance, and real estate was up 2,600 with a 1,800 gain in finance accounting for the lion's share. Government was up 11,800 jobs with state and local education representing 8,100 of that increase.

AREA TRENDS

Jobless rates typically rise from November to December, but those increases were 0.2 to 0.4 percentage points higher this year than last. For its part, the increase in the statewide jobless rate was 0.2 percentage points higher this October-November than it was last year. The one exception was eastern Washington, which saw its jobless rate rise by the same degree in both periods.

Washington's labor market softness was captured most clearly in the year-over-year numbers posted by region. To start, Washington's unemployment rate was up more than two percentage points from December 2000 to December 2001. That is in stark contrast to the "increase" from December 1999 to December 2000, which was a mere one-tenth of one percentage point. Western Washington and metropolitan Washington showed the greatest softening

as jobless rates in both were up more than two percentage points over the year. Eastern Washington, meanwhile, saw its jobless rate rise one percentage point from December to December. Timber dependent Washington's unemployment rate was up roughly one and a half percentage points over the same period. These developments suggest that labor market softening in urban, metropolitan areas in particular did more to drive up the state's jobless rate than those in rural, non-metropolitan areas.

That said, jobless rates in timber-dependent and eastern Washington, continued to sit higher in absolute terms in December 2001 than they did in other Washington regions by at least three percentage points. In fact, at 9.9 percent in December 2001, unemployment in timber-dependent Washington brushed up against double-digits.

Unemployment Rates by Geographic Areas State of Washington

Areas	Dec-01	Nov-01	Dec-00	Nov-00
Washington State Total	7.0%	7.0%	4.9%	5.0%
Metropolitan Areas	6.6%	6.6%	4.4%	4.6%
Log & Lumber Areas	9.9%	9.5%	8.3%	8.1%
All Western WA Areas	6.4%	6.6%	4.1%	4.3%
All Eastern WA Areas	9.2%	8.4%	8.2%	7.7%

Source: Employment Security Department

INDUSTRY NOTES

Weyerhaeuser Waits Out Willamette

Fourteen months after launching a hostile takeover bid, Federal Way-based Weyerhaeuser Company finally reached an agreement in principle to acquire Portland-based Willamette Industries in a cash deal valued at \$55.50 a share or about \$6 billion. While specifics of the agreement have yet to be negotiated, it is expected that the combined company will be among the largest players in every forest product category it occupies from softwood and hardwood lumber to finished wood products to pulp and paper products. Both are also major owners of timberland with Weyerhaeuser's holdings encompassing 5.7 million acres and Willamette Industries' holdings covering 1.7 million acres. Once it has firmly taken control of Willamette Industries, Weyerhaeuser is expected to consolidate redundant functions, starting at Willamette's Portland headquarters and possibly to include Willamette's facilities in Washington (Bellevue, Moses Lake, and Longview).

Meanwhile, neither company is looking at terribly healthy markets in 2002. Poor economic conditions are expected to continue to dampen new home construction and remodeling activity, resulting in a 2.8 percent decline in U.S. lumber demand in 2002, according to the Portland-based Western Wood Products Association, a trade group that represents softwood lumber producers in 12 western states, including Washington. In response to the lower demand, western lumber manufacturers are expected to curtail production 1.6 percent or 16.5 billion board feet. This is expected despite an anticipated 5.2 percent decrease in Canadian softwood imports into the U.S.

Downturn Disrupts Migrant Stream

Migrant farm workers, who constitute a majority of Washington's agricultural labor force, have long been associated with the *western migratory stream*. The western migratory stream describes the agriculture-related activities that propel migrant workers, mostly from Mexico, through Washington and states like California, Oregon, Idaho, Montana, Texas, and, to a lesser extent, Arizona, New Mexico, Colorado, Utah, Oklahoma, and Nevada. For migrant workers who found themselves in the Pacific Northwest when the economy went south, the migratory stream has been profoundly disrupted. First, they found themselves in a region whose two principal states, Oregon and Washington, have the two highest jobless rates in the nation. Second, their home country, Mexico, is being hammered by a global recession that has resulted in zero growth and over 200,000 workers laid off by the *maquiladoras* that populate Mexico's northern border with the U.S. The downturn in U.S. consumer spending has had a particular impact on *maquiladoras* since 9 out of 10 items they produce are sold in the U.S. Moreover, the rural Mexican states from which many *maquiladora* laborers originate are faring even worse.

Here in Washington, migrant workers are leaving rural agricultural areas east of the Cascades to find work in the urban metropolitan areas of western Washington, particularly in the Puget Sound region. However, because of the slack market for low-skilled labor, work is difficult to come by, leaving some literally stranded in the cities. Most can no longer send money to their families in Mexico—the reason they came to the U.S. in the first place. Many used to return to Mexico during the winter but either cannot

afford the transportation cost or worry that stepped up border enforcement in the wake of September 11 will make it difficult to re-enter the U.S. As such, they are now looking to winter over in places like Seattle and Tacoma. Social services agencies have noted that the recent migration of these workers into the cities is double what it had been in the past and has strained their ability to provide services.

The recent economic downturn has also affected *settling out* among migrant farm workers. Settling out occurs when a migrant worker stops participating in the migrant stream and instead settles down in one location. That trend had been driven by the sheer availability of alternative employment opportunities fostered by the hot economy and acute labor shortage in sectors other than agriculture. While those jobs tended to be low-skill, low-wage jobs in warehouses, restaurants, hotels, and other service sectors, they nevertheless represented labor competition that growers did not have to face in the past. As the economy has softened-and with it the demand for labor in competing sectors-the settling out trend may be temporarily suspended.

Plane Outlook Just Plain Painful

John Leahy, Airbus' Chief Commercial Officer, believes that 2002 will unfold as the worst year yet for both Boeing and Airbus airplane orders since World War II. By his estimate, each company will receive orders for anywhere from 250 to 300 planes, which is fewer than the 660 orders tallied in 2001 and a far cry from the 1,131 generated in 2000. Boeing, for its part, reported that it had 335 commercial airplane orders in 2001 with 80 percent of those planes to be delivered between 2002-04.

Airplane production, of course, is a better gauge of what the company actually plans to build and is therefore a key means of assessing labor or work force requirements. At this time, Boeing still plans to essentially halve its airplane production by mid-2002, which means curtailing production from what was 43 planes a month in 2001 to 23 planes a month by mid-year. It is the realigning of the work force with production that is expected to ultimately result in 30,000 layoffs by that time.

Finally, airplane deliveries are the ultimate measure of the outcome of the airplane contracts. At this transaction point, the company has assumed expense liabilities for the

plane it built and now seeks to be paid the balance of the contract for the plane being delivered. If an airline refuses or postpones delivery, that affects the company's revenues. Boeing delivered 527 commercial airplanes in 2001, which translated into 62 percent of the airplanes delivered worldwide that year. The company expects to deliver between 350 and 400 planes over the course of 2002.

Ides of March

A U.S. District Court judge rejected Microsoft's request to have the penalty phase of its anti-trust settlement delayed until July or August of this year. In its request, the Redmond-based software company cited the need for more time to prepare its defense. With the request denied, the court date for the start of the penalty phase remains March 11. On that day, 9 states (California, Connecticut, Florida, Iowa, Kansas, Massachusetts, Minnesota, Utah, and West Virginia) and the District of Columbia will argue for more stringent settlement terms. The states and the district refused to sign the original settlement worked out between Microsoft and the U.S. Justice Department in November 2001. They will argue instead for additional measures such as having Microsoft place its Internet browsing software in the public domain, having Microsoft develop versions of its Office software that can run on rival operating systems, and allowing personal computer makers more control over how they configure their products with the Windows operating system.

How that argument goes depends in large measure on how the same federal jurist rules on the merits of the original settlement, which allowed personal computer makers to install and display on the desktop the Internet browsers sold by Microsoft's competitors. That original settlement also forced Microsoft to grant its rivals access to the Windows operating code to better configure their software to run compatibly with Microsoft's operating system. At issue here is the federal Tunney Act, which states that a settlement is unofficial until it is determined by the court to be in the public interest. That determination/decision is proceeding on a separate track from the states' case. If the judge rules that the original settlement adequately benefited the public interest, it will likely hamper the states' demands for tougher sanctions.

*Puget Sound Energy
Transmits to Quanta Services*

In a continuing trend toward outsourcing of construction and maintenance work, Puget Sound Energy plans to lay off 390 workers by March 31 in a move that will translate into roughly a third of PSE's 1,200 employees. Most of the workers are expected to be rehired by Quanta Services Inc., which does construction and maintenance work for Puget Sound Energy. That, however, is not guaranteed as the workers will need to reapply for those positions on an open, competitive basis.

WestCoast Roars Ahead

Spokane-based WestCoast Hospitality recently acquired 43 properties comprising the Red Lion Hotel chain from Delaware-based Hilton Hotels Corp. in a move that will nearly double its holdings from 8,600 rooms in 46 hotels located in 9 states to more than 15,000 rooms in 89 hotels located in 13 western states. According to a company spokesperson, WestCoast has nearly 2,500 employees, approximately 1,500 of which are based in Washington. The company spokesperson further added that with the acquisition of Red Lion, WestCoast will add approximately 2,000 Red Lion employees, approximately 740 of which are based in Washington. WestCoast was formerly known as Cavanaugh's. As background, in 2000, Washington's hotel and motel industry was comprised of 1,221 establishments. Those establishments employed 26,990 workers and paid \$461.6 million in wages for an average wage of \$17,104.

Museums Exhibit Downturn

The Experience Music Project (124 layoffs), Pacific Science Center (70 layoffs), Boeing Museum of Flight (14 layoffs), and Seattle Art Museum (6 layoffs) are among the more well known museums that have recently cut jobs, citing weak economic times and drop in tourism since September 11. One thing that appears to influence viability in the current environment is the share of local visitors versus out-of-area visitors, with those more dependent on the latter suffering the most after September 11. By this measure, the Seattle Art Museum, for example, has fared relatively well—as reflected in the low number of layoffs—because its visitor count is predominantly local patrons. Also, an institution that hosts an interestingly unique exhibit, especially a traveling one, can be successful. An example here is the Burke Museum at the University of Washington, which saw high attendance at its exhibit profiling the Antarctica expedition of Sir Ernest Shackleton.

Soon to enter the market are the Museum of Glass, the Harold E. LeMay Museum (automobiles), Pioneer Motorcycle Museum, and new Tacoma Art Museum—all of which will join the existing Washington State History Museum and constitute downtown Tacoma's burgeoning "Museum District." Hopes are especially high for the Museum of Glass since the Puget Sound region reportedly has the highest concentration of glass artists in the country and the second highest concentration in the world after Venice, which translates into a strong local patron community. The fact that it will host rotating exhibits featuring one of the more popular contemporary art mediums translates into more broad-based interest. The automobile and motorcycle museums, on the other hand, may not have strong local patron communities and will likely rely on out-of-area visitors. As background, there were 120 private and public museums and art galleries in Washington in 2000. Those institutions employed 1,804 workers with a combined payroll of nearly \$45 million and an average wage of \$24,940.

State's Credit Rating Reduced

The State of Washington's bond credit rating was lowered from "AA+" to "AA" by Fitch Ratings Inc., one of the top three credit rating agencies worldwide after Standard and Poor's and Moody's. Though the rating was issued in advance of the sale of \$591 million of general obligation bonds in mid-January, it applies to the \$7.4 billion of previously-issued general obligation bonds since it is done on an adjustable rate basis. In justifying the lowering of the state's credit rating, Fitch analysts cited the lower tax revenue collections by the state in the wake of a slowing economy and job losses at Boeing against the backdrop of its retail sales tax based system. Though unstated, it is also fair to add that citizen initiatives that redirect or reduce State General Fund dollars (which are used to pay off the bonds) serve as a negative as well because they introduce uncertainty and risk with respect to the state's ability to predictably pay off its obligations. Though scarcely noticed, the downgrading of the state's credit rating is notable because it means the state will likely have to offer higher rates of return to get investors to accept the higher risk. In other words, it will cost the state—and state taxpayers—more to borrow.

NATIONAL INDICATORS

Growth—Albeit Tenuous—Returns

The Bureau of Economic Analysis reported on January 30 that real gross domestic product—the output of all goods and services produced by labor and property in the U.S.—increased at an annual rate of 0.2 percent in the fourth quarter of 2001 based on an advanced estimate. Though it remains subject to two more revisions (preliminary and final) the fourth quarter estimate appears to be a notable turnaround from the third quarter real GDP which decreased 1.3 percent.

Based on the advanced fourth quarter estimate, it is estimated that real GDP increased 1.1 percent in 2001 on an annual average basis compared to 4.1 percent in 2000. The weak growth in real GDP in 2001 compared to 2000 was attributed to pullback in personal consumption, private fixed investment, private inventory investment, and both imports and exports.

That's All Folks!

A week in advance of the regular meeting of the Federal Open Market Committee, Federal Reserve Board Chairman Alan Greenspan appeared before the Senate Budget Committee and intimated strongly that the Fed would hold the line on short-term interest rates. The Fed chairman cited a number of economic indicators that suggest the U.S. economy was at a point in the business cycle between contraction and expansion and that it appeared poised to turn the corner. The positive advanced estimate of real annual GDP growth in the fourth quarter of 2001 very likely moved that assessment into the positive column.

The Fed followed up at its FOMC meeting on January 30 by indeed holding the line on short-term interest rates, thus marking the end of a run that saw 11 cuts in short-term interest rates over the course of 2001. As such, the federal funds rate remains at 1.75 percent while the federal discount rate remains at 1.50 percent. In justifying its inaction, the FOMC cited “(s)igns that weakness in demand is abating and economic activity is beginning to firm have become more prevalent. With the forces restraining the economy starting to diminish, and with the long-term prospects for productivity growth remaining favorable and monetary policy accommodative, the outlook for economic recovery has become more promising.”

*Greenspan Softens
Support for Stimulus*

In other statements during his appearance before the Senate Budget Committee, Federal Reserve Board Chairman Alan Greenspan questioned whether or not further economic stimulus was necessary given the stabilization he saw in the economy. Though he stopped short of issuing a clear position for or against the President's tax cut package or economic stimulus package, he did urge Congress to consider limiting future tax and spending initiatives if targets for the budget surplus and federal debt were not met. Foremost among his concerns was the projected \$4 trillion federal budget deficit over the next ten years. His is clearly a view that recognizes the potential downside of rising federal deficits on long-term interest rates, capital investment markets, and inflation. The after-knowledge that the fourth quarter advanced estimate of real GDP was positive and the subsequent "no action" on the part of the FOMC hints strongly that his relatively neutral position with regard to an economic stimulus package may no longer be so neutral.

Postal Plunge

The U.S. Postal Service announced that it will eliminate up to as many as 10,000 to 15,000 jobs in 2002, thus continuing the restructuring efforts that resulted in 16,000 job cuts in 2001. The Postal Service said that it will implement this year's job cuts the way it did in 2001, through attrition and not through layoffs. The Postal Service has 800,000 workers nationwide. The Postal Service also received approval from the independent Postal Rate Commission to raise first class postage rates from 34 cents to 37 cents effective June 30 of this year, an increase of nearly 9 percent. Increases in other postal rates were also granted. The rate hikes are expected to net \$6 billion in additional revenue for the Postal Service. That is expected to stabilize the organization's finances following revenue shortfalls after the September 11 terrorist attacks and anthrax contamination scare and the organization's response in the form of enhanced screening and security. In return, the Postal Service promises not to seek another rate hike any earlier than the fall of 2003.

Lesser Seattle

Less inflation, that is. The Seattle-Tacoma-Bremerton Consumer Price Index for All Urban Consumers (Seattle CPI-U) closed out 2001 by falling 1 percent from October to December. That is the largest October-December drop in the Seattle CPI-U in several years (it fell 0.2 percent in 1999 and 0.3 percent in 2000). Inflation also eased over the year as the Seattle CPI-U was up 2.5 percent in December 2001 compared 4.1 percent and 3.0 percent in December 2000 and December 1999, respectively. Over the course of the year, inflation in the Puget Sound region was up 3.6 percent—a relatively high level and just a tad lower than the 3.7 percent posted in 2000. Meanwhile, the U.S. CPI-U was down 0.4 percent over the month in December and up 1.6 percent over the year, revealing what many consider to be environment within which inflation continues to remain well under control.

Consumer Price Index
(All Items, Urban Consumers, 1982-84 = 100,
Not Seasonally Adjusted)

	Indexes			% Change From	
	Dec-01	Nov-01	Dec-00	Nov-01	Dec-00
U.S. City Average	176.7	177.4	174.0	-0.4%	1.6%
Seattle *	186.1	187.9	181.5	-1.0%	2.5%

** The index for Seattle reflects prices in King, Pierce, Snohomish, Kitsap, Island, and Thurston counties.*

Source: U.S. Department of Labor, Bureau of Labor Statistics

Prepared by Gary Kamimura, Senior Economic Analyst

Nonagricultural Wage & Salary Workers in Washington State, Place of Work ¹

In Thousands, Not Seasonally Adjusted

	December		November		Numeric Change	
	2001 (Prel)	2001 (Rev)	2000 (Rev)	2000 (Rev)	Nov. 2001 to Dec. 2001	Dec. 2000 to Dec. 2001
Total Nonagricultural Wage & Salary Workers	2,725.8	2,749.5	2,757.0	2,765.6	-23.7	-31.2
Manufacturing	321.6	331.2	344.9	348.3	-9.6	-23.3
Durable Goods	222.3	228.4	240.9	241.6	-6.1	-18.6
Lumber & Wood Products	30.5	30.8	32.5	32.9	-0.3	-2.0
Logging	6.4	6.6	7.0	7.2	-0.2	-0.6
Sawmills & Plywood	21.0	21.0	22.4	22.5	0.0	-1.4
Furniture & Fixtures	4.4	4.5	4.8	4.9	-0.1	-0.4
Stone, Clay & Glass	8.3	8.7	8.8	9.0	-0.4	-0.5
Primary Metals	8.5	8.5	10.5	10.8	0.0	-2.0
Aluminum	5.0	5.0	6.5	6.6	0.0	-1.5
Fabricated Metals	14.6	14.8	15.2	15.2	-0.2	-0.6
Industrial Machinery & Equipment	23.8	23.8	25.5	25.5	0.0	-1.7
Computer & Office Equipment	5.7	5.8	6.2	6.2	-0.1	-0.5
Electronic & Other Electrical Equipment	16.3	16.9	20.4	20.4	-0.6	-4.1
Transportation Equipment	94.6	98.9	100.3	100.0	-4.3	-5.7
Aircraft & Parts	82.3	86.7	85.8	85.6	-4.4	-3.5
Ship & Boat Building	5.9	5.8	7.4	7.2	0.1	-1.5
Instruments & Related	13.4	13.5	14.2	14.2	-0.1	-0.8
Miscellaneous Manufacturing	7.9	8.0	8.7	8.7	-0.1	-0.8
Nondurable Goods	99.3	102.8	104.0	106.7	-3.5	-4.7
Food & Kindred Products	36.5	39.3	39.1	40.8	-2.8	-2.6
Preserved Fruits & Vegetables	10.1	12.7	12.3	13.7	-2.6	-2.2
Textiles, Apparel & Leather	7.0	7.2	7.7	7.8	-0.2	-0.7
Paper & Allied Products	14.4	14.7	15.4	15.4	-0.3	-1.0
Printing & Publishing	23.2	23.2	23.5	24.3	0.0	-0.3
Chemicals & Allied Products	6.4	6.4	6.3	6.3	0.0	0.1
Petroleum, Coal, Plastics	11.8	12.0	12.0	12.1	-0.2	-0.2
Mining & Quarrying	3.5	3.6	3.4	3.6	-0.1	0.1
Construction	156.3	162.3	161.2	165.5	-6.0	-4.9
General Building Contractors	44.0	45.2	44.5	45.6	-1.2	-0.5
Heavy Construction, except Building	16.1	18.1	17.4	18.7	-2.0	-1.3
Special Trade Contractors	96.2	99.0	99.3	101.2	-2.8	-3.1
Transportation, Communications & Utilities	144.9	145.6	151.3	150.2	-0.7	-6.4
Transportation	94.3	94.7	96.4	96.5	-0.4	-2.1
Trucking & Warehousing	34.6	34.8	34.6	34.6	-0.2	0.0
Water Transportation	8.8	8.9	9.0	9.1	-0.1	-0.2
Transportation by Air	26.6	26.2	27.7	27.7	0.4	-1.1
Communications	34.4	34.7	38.5	37.3	-0.3	-4.1
Electric, Gas & Sanitary Services	16.2	16.2	16.4	16.4	0.0	-0.2
Wholesale & Retail Trade	659.4	658.0	673.1	669.7	1.4	-13.7
Wholesale Trade	153.7	154.3	157.3	158.2	-0.6	-3.6
Durable Goods	88.4	88.2	90.9	90.6	0.2	-2.5
Nondurable Goods	65.3	66.1	66.4	67.6	-0.8	-1.1
Retail Trade	505.7	503.7	515.8	511.5	2.0	-10.1
Building Materials/Garden Supplies	20.7	20.9	22.1	22.2	-0.2	-1.4
General Merchandise	53.7	53.7	56.7	56.3	0.0	-3.0
Food Stores	70.6	71.0	71.1	71.1	-0.4	-0.5
Automobile Dealers & Service Stations	51.0	51.3	50.8	50.9	-0.3	0.2
Apparel & Accessory Stores	26.4	25.6	27.7	27.3	0.8	-1.3
Eating & Drinking Establishments	186.5	186.5	187.6	186.8	0.0	-1.1
Finance, Insurance & Real Estate	140.7	140.3	138.1	137.5	0.4	2.6
Finance	63.4	63.0	61.6	61.1	0.4	1.8
Insurance	41.1	40.9	40.8	40.7	0.2	0.3
Real Estate	36.2	36.4	35.7	35.7	-0.2	0.5
Services	798.4	799.7	795.8	793.1	-1.3	2.6
Hotels & Lodging	27.5	27.9	28.7	28.8	-0.4	-1.2
Personal Services	22.9	22.7	23.7	23.4	0.2	-0.8
Business Services	186.5	187.7	198.5	198.1	-1.2	-12.0
Computer & Data Processing Services	70.7	71.2	73.5	72.9	-0.5	-2.8
Amusement & Recreational Services	44.9	43.7	43.0	41.4	1.2	1.9
Health Services	199.0	198.8	192.4	191.6	0.2	6.6
Nursing & Personal Care	32.5	32.6	31.9	31.9	-0.1	0.6
Hospitals	62.5	62.3	59.9	59.7	0.2	2.6
Legal Services	20.6	20.4	20.5	20.3	0.2	0.1
Educational Services	40.9	41.3	39.7	40.1	-0.4	1.2
Social Services	67.2	67.4	64.8	64.6	-0.2	2.4
Engineering & Management Services	76.4	76.1	73.1	72.7	0.3	3.3
Government	501.0	508.8	489.2	497.7	-7.8	11.8
Federal	69.0	68.6	68.4	67.7	0.4	0.6
State	148.2	150.9	144.8	147.5	-2.7	3.4
State Education	82.3	84.9	79.8	82.0	-2.6	2.5
Local	283.8	289.3	276.0	282.5	-5.5	7.8
Local Education	157.1	157.6	151.5	152.3	-0.5	5.6
Workers in Labor-Management Disputes	0.0	0.0	1.0	0.0	0.0	-1.0

¹ Excludes proprietors, self-employed, members of armed forces, & private household employees. Includes all full- & part-time wage & salary workers receiving pay during the pay period including the 12th of the month. ² Workers excluded because of involvement in labor-management dispute. Prepared in cooperation with the U.S. Department of Labor, Bureau of Labor Statistics.

Washington State
Employment Security Department
Labor Market and Economic Analysis

Resident Labor Force and Employment in Washington State and Labor Market Areas 1/

Date: 1/15/02
Benchmark: 2000

Not Seasonally Adjusted	December 2001 Preliminary				November 2001 Revised				December 2000 Revised			
	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate	Labor Force	Employment	Unemployment	Unemployment Rate
Washington State Total	3,017,500	2,805,700	211,800	7.0	3,010,800	2,801,400	209,400	7.0	3,093,600	2,941,700	151,900	4.9
Bellingham MSA	78,500	72,700	5,800	7.3	77,900	72,200	5,700	7.4	82,300	77,700	4,700	5.7
Bremerton PMSA	91,400	85,700	5,700	6.2	90,400	84,500	5,900	6.5	96,000	91,400	4,600	4.8
Olympia PMSA	100,400	94,500	5,900	5.9	99,300	93,300	6,000	6.0	101,500	96,800	4,700	4.6
Seattle-Bellevue-Everett PMSA	1,405,400	1,323,400	82,000	5.8	1,402,200	1,318,500	83,700	6.0	1,437,800	1,391,000	46,800	3.3
King County 2/	1,029,600	971,000	58,600	5.7	1,027,700	967,400	60,200	5.9	1,054,100	1,020,700	33,400	3.2
Snohomish County 2/	346,400	324,500	21,900	6.3	345,200	323,300	21,900	6.3	353,500	341,100	12,400	3.5
Island County 2/	29,300	27,900	1,500	5.1	29,400	27,800	1,600	5.5	30,300	29,300	1,000	3.3
Spokane MSA	205,900	191,000	15,000	7.3	203,800	190,000	13,800	6.8	214,100	202,200	12,000	5.6
Tacoma PMSA	329,600	307,400	22,200	6.7	326,800	304,000	22,800	7.0	335,500	320,000	15,500	4.6
Tri-Cities MSA	92,800	85,200	7,600	8.2	93,300	86,200	7,100	7.6	93,600	86,200	7,400	7.9
Benton County 2/	70,200	65,300	4,900	6.9	70,800	66,100	4,700	6.7	70,600	66,000	4,600	6.5
Franklin County 2/	22,600	19,900	2,700	12.0	22,600	20,100	2,400	10.7	23,000	20,100	2,800	12.3
Yakima MSA	101,200	87,600	13,600	13.5	102,200	89,900	12,300	12.0	103,400	90,700	12,700	12.3
Adams	7,630	6,500	1,130	14.8	8,100	7,060	1,050	12.9	7,620	6,440	1,180	15.4
Asotin 2/	11,260	10,760	500	4.4	11,110	10,730	380	3.4	11,950	11,360	590	5.0
Chelan-Douglas LMA	49,130	43,950	5,180	10.5	50,010	45,230	4,780	9.6	50,570	46,070	4,500	8.9
Chelan County 2/	31,630	28,030	3,610	11.4	32,220	28,840	3,370	10.5	32,390	29,380	3,010	9.3
Douglas County 2/	17,500	15,920	1,580	9.0	17,790	16,390	1,400	7.9	18,190	16,690	1,490	8.2
Clallam	23,870	21,980	1,890	7.9	23,780	21,890	1,880	7.9	24,120	22,240	1,890	7.8
Clark 2/	180,000	166,400	13,600	7.6	178,500	164,700	13,700	7.7	182,300	175,300	6,900	3.8
Columbia	1,210	1,060	150	12.2	1,140	990	150	13.0	1,240	1,080	160	12.8
Cowlitz	39,790	35,610	4,180	10.5	39,730	35,300	4,430	11.2	41,370	38,520	2,850	6.9
Ferry	2,410	2,120	290	11.9	2,380	2,140	250	10.3	2,480	2,170	300	12.2
Garfield	1,120	1,060	70	5.8	1,110	1,070	40	3.5	1,150	1,100	50	4.4
Grant	33,800	29,730	4,070	12.0	35,080	31,430	3,650	10.4	34,780	30,530	4,240	12.2
Grays Harbor	25,460	22,700	2,760	10.8	25,290	22,540	2,750	10.9	25,660	22,860	2,810	10.9
Jefferson	9,670	8,920	750	7.7	9,780	9,050	730	7.4	10,280	9,700	580	5.7
Kittitas	14,780	13,720	1,060	7.2	14,830	13,940	890	6.0	14,980	14,050	920	6.2
Klickitat	7,620	6,500	1,120	14.7	7,920	6,870	1,060	13.3	8,210	7,270	950	11.6
Lewis	28,110	25,490	2,620	9.3	28,550	25,980	2,570	9.0	29,540	27,050	2,500	8.5
Lincoln	4,330	4,020	300	7.0	4,360	4,110	250	5.8	4,440	4,180	260	5.9
Mason	19,380	17,810	1,570	8.1	19,150	17,720	1,430	7.5	21,240	19,850	1,390	6.5
Okanogan	18,140	15,760	2,390	13.1	18,600	16,590	2,000	10.8	18,740	16,260	2,480	13.2
Pacific	7,510	6,810	710	9.4	7,440	6,740	700	9.4	7,900	7,160	740	9.3
Pend Oreille	4,260	3,840	420	9.8	4,230	3,870	360	8.5	4,270	3,890	380	8.9
San Juan	5,890	5,580	310	5.2	5,860	5,560	300	5.2	5,980	5,690	280	4.7
Skagit	50,550	46,380	4,170	8.2	50,350	46,170	4,180	8.3	52,070	48,680	3,390	6.5
Skamania	3,740	3,220	530	14.0	3,740	3,270	470	12.6	3,870	3,530	340	8.9
Stevens	16,190	14,310	1,880	11.6	15,970	14,260	1,710	10.7	16,800	15,210	1,590	9.5
Wahkiakum	1,660	1,550	120	7.0	1,660	1,530	140	8.4	1,750	1,630	120	6.6
Walla Walla	24,700	22,910	1,800	7.3	25,840	24,170	1,670	6.5	25,440	23,640	1,800	7.1
Whitman	19,840	19,370	460	2.3	20,350	19,880	470	2.3	20,630	20,210	420	2.0

1/ Official U.S. Department of Labor, Bureau of Labor Statistics data

2/ Estimates are determined by using the Population/Claims Share disaggregation methodology.

Note: Detail may not add due to rounding.

Resident Civilian Labor Force and Employment in Washington State

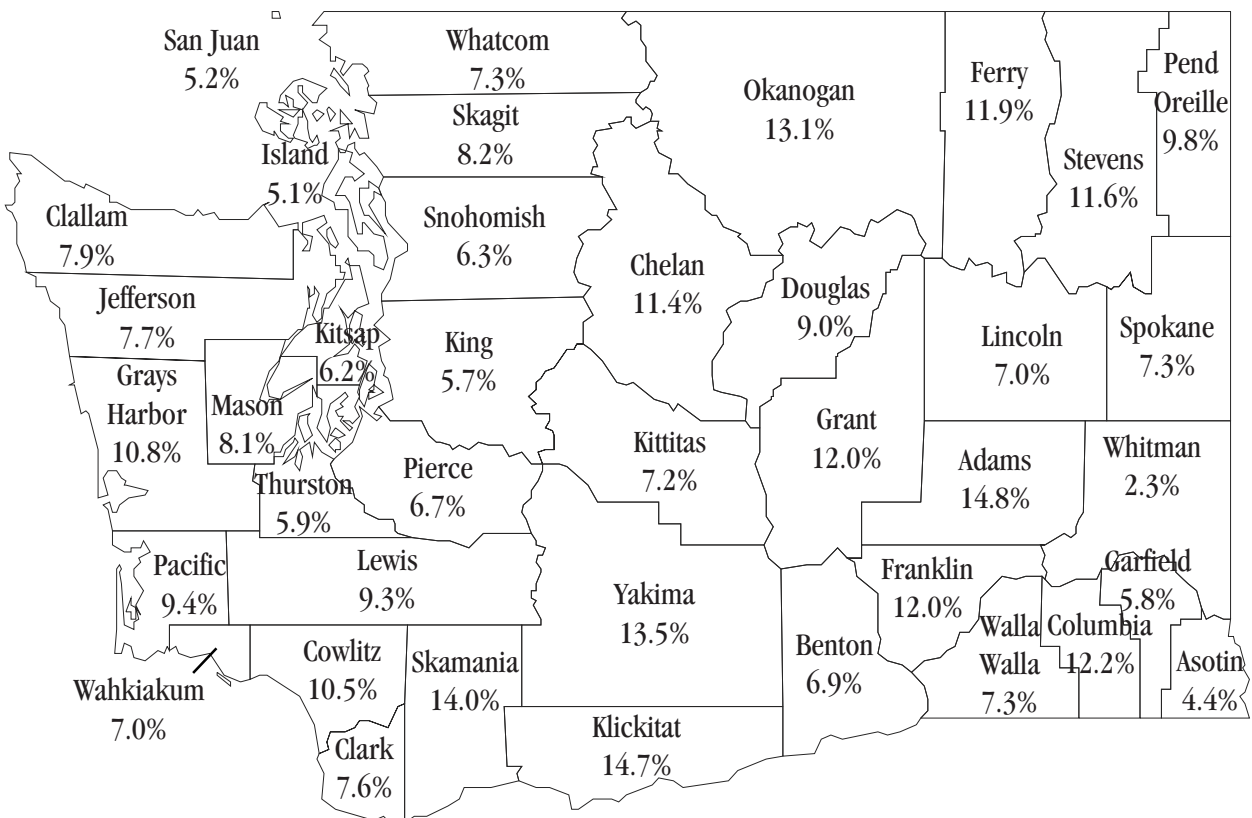
<i>(In Thousands)</i>	December 2001 (Prel)	November 2001 (Rev)	December 2000 (Rev)	November 2000 (Rev)
<i>Seasonally Adjusted Unemployment:</i>				
Washington State	7.1%	7.1%	5.0%	5.1%
United States	5.8%	5.6%	4.0%	4.0%
<i>Not Seasonally Adjusted:</i>				
Resident Civilian Labor Force	3,017.5	3,010.8	3,093.6	3,059.4
Employment	2,805.7	2,801.4	2,941.7	2,906.0
Unemployment	211.8	209.4	151.9	153.4
Percent of Labor Force	7.0%	7.0%	4.9%	5.0%

Unemployment Rates by County, December 2001

Washington State = 7.0%

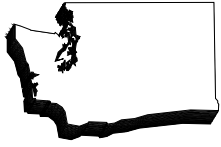
United States = 5.4%

Not Seasonally Adjusted



Estimated Average Hours and Earnings of Production Workers in Manufacturing and of Nonsupervisory Workers in Nonmanufacturing Activities, Washington State

	Average Weekly Earnings			Average Weekly Hours			Average Hourly Earnings		
	Dec. 2001	Nov. 2001	Dec. 2000	Dec. 2001	Nov. 2001	Dec. 2000	Dec. 2001	Nov. 2001	Dec. 2000
Total Manufacturing Industries	\$724.19	\$707.17	\$698.00	39.9	39.2	40.3	\$18.15	\$18.04	\$17.32
Selected Manufacturing Industries									
Lumber and Wood Products	\$625.73	\$584.06	\$605.60	40.5	38.4	40.4	\$15.45	\$15.21	\$14.99
Primary Metal Industries	\$723.33	\$722.33	\$727.87	39.7	39.3	40.8	\$18.22	\$18.38	\$17.84
Transportation Equipment	\$1,034.55	\$1,034.46	\$983.66	41.8	42.0	41.4	\$24.75	\$24.63	\$23.76
Food and Kindred Products	\$537.99	\$497.45	\$525.29	39.5	37.6	40.5	\$13.62	\$13.23	\$12.97
Chemicals and Allied Products	\$972.13	\$986.98	\$1,051.42	42.6	41.4	43.7	\$22.82	\$23.84	\$24.06
Selected Nonmanufacturing Industries									
Construction	\$861.92	\$840.38	\$870.87	36.2	35.7	37.7	\$23.81	\$23.54	\$23.10
Wholesale and Retail Trade (Includes eating and drinking establishments)	\$400.05	\$387.80	\$398.36	31.7	30.9	32.1	\$12.62	\$12.55	\$12.41



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