Employment in 1996: jobs up, unemployment down

Overall job gains were moderated by losses in nondurable goods manufacturing and Federal employment; declining unemployment was tempered by persistent long-term joblessness

William C. Goodman and Randy E. Ilg

Economic growth accelerated in 1996 from 1995, resulting in an increase in the rate of job growth and a small decline in unemployment. The number of nonfarm payroll jobs increased by 2.6 million overall; the largest gains occurred in services, retail trade, construction, and public school systems. Several industries, however, showed overall employment cutbacks. As unemployment trended down over the year, the jobless rate decreased from 5.6 percent at the end of 1995 to 5.3 percent by the third quarter of 1996, a level last reached in the second quarter of 1990.

In contrast to the strong performance of the labor market in general, 158,000 jobs were lost in nondurable goods manufacturing, continuing the trend of the preceding year. Civilian employment in the Federal Government decreased by another 65,000, bringing the total decline in Federal civilian employment since its most recent high point in May 1992 to a quarter of a million.

In 1996, many economic indicators accelerated compared to their performance in 1995. A 3.2-percent increase in gross domestic product after inflation included a 7.9-percent rise in private investment and a 2.7-percent increase in consumer spending. The index of consumer confidence rose 11.5 percent. Sales of new homes soared, increasing 11.5 percent also, which translates into an increase of 72,000 new homes sold on an annual basis. All of these indicators increased at a far greater rate in 1996 than in 1995. The year 1996 saw the rate of growth in GDP more than double, and consumer confidence increased more than 10 times as much as in 1995. (Table 1 shows these and other important economic indicators.)

In 1996, relatively low interest rates and low inflation contributed to economic expansion. The average 30-year fixed home mortgage rate, for example, was 7.91 percent in the last quarter of 1996, up 0.3 percentage point from the last quarter of 1995, but well below the average of 10.1 percent for the entire period from 1971 to 1995.[1] Consumer prices rose 3.2 percent in 1996 (using the 1982–84-based CPI-U), somewhat above the 1995 increase of 2.7 percent, but still considerably below the historical average of 4.8 percent per year from 1960 to 1995.[2]

This article discusses some of the major changes in the labor market from 1995 to 1996 in terms of industries and individuals. Data are from the Bureau of Labor Statistics' (BLS) two monthly surveys of employment, the Current Employment Statistics (CES) survey and the Current Population Survey (CPS).[3]

Industries: gains and losses

Chart 1 shows the overall growth of payroll jobs. Chart 2 breaks down the changes in payroll jobs into the nine major divisions of U.S. industries. In the last few years, the retail trade and services

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divisions have produced the greatest numbers of jobs. The services division, not to be confused with the entire service-producing sector, includes a variety of economic activities performed for businesses and individuals, such as help supply services, the operation of lodging places, the design and production of computer software, medical care, and management consulting, to name just a few. The retailing division includes not only stores, but also restaurants and bars, car dealers, service stations, and direct-mail operations.

Substantial employment increases in construction, local government, wholesale trade, finance, and transportation also contributed to the overall gain, while mining and manufacturing lost jobs. (See chart 2.)

Among 74 more specific industry groups,[4] there were great differences in the job picture for 1996. Just six groups, constituting 25 percent of total employment, contributed almost half (45 percent) of the total gain in jobs: business services (with a gain of 373,000 jobs), health care services (increasing by 282,000), special trade construction contractors (up 226,000), local government education (up 158,000), engineering and management services (rising by 132,000), and eating and drinking places (up 119,000 jobs). On the other hand, three groups (the Federal Government, apparel and other textile products, and food processing) lost more than 25,000 jobs each, for a combined loss of 158,000.

The greatest gain was in *business services* and amounted to 14 percent of the total gain in payroll jobs over the year. Two components of business services contributed large increases: personnel supply (including temporary help services, employee leasing, and traditional employment agencies), up 165,000 employees; and computer services, up 125,000 employees. Computer services include custom programming for specific clients, the making of mass-produced software, computer consulting, and all other computer-related services.

After business services, *health care services* added the most jobs, 282,000, or 11 percent of all new nonfarm jobs in 1996. Despite efforts to cut the growth of Government payments for health care[5] and despite financial crises in some private hospitals, vast hiring was needed to meet greater demand resulting in part from the aging of the population. For example, the population aged 70 and older is projected to have increased by 350,000 from mid-1995 to mid-1996.[6]

Special trade contractors—those construction contractors providing a specific craft such as carpentry or plumbing—had the third-largest increase in employment, 226,000, or 9 percent of the total gain. Special trade contractors represent the bulk of the construction industry. The low interest rates of 1996 encouraged construction activity. From the fourth quarter of 1995 to the last quarter of 1996, all of the larger categories of construction being put in place increased in value in dollars of constant purchasing power. Private single-family homes increased 5.4 percent, multifamily private housing increased 6.3 percent, and private nonresidential building increased 8.0 percent. Public construction grew 2.4 percent.[7] Growth in construction employment occurred in all regions of the United States.

Table 1. Percent change in selected economic indicators, fourth-quarter averages, 1993–96[1]

Indicator	1993–94	1994–95	1995–96
Nonfarm employment	3.4	2.0	2.1
Real gross domestic product[2]	3.5	1.3	3.2
Gross private domestic investment[2]	12.6	–.1	7.9
Real disposable personal income[2]	2.7	3.2	2.7
Personal consumption expenditures[2]	3.1	1.9	2.7
Home mortgage rate[3]	30.1	–17.8	3.7
New-home sales	–13.5	3.0	11.5
Sales of existing homes	–9.0	7.6	–1.5
Consumer confidence[3]	38.0	1.0	11.5
Industrial production	5.7	1.8	3.8
Retail sales	7.3	3.6	4.8
Consumer prices[4]	2.7	2.7	3.1

[1] Seasonally adjusted annual rates, unless otherwise indicated.

[2] Adjusted for inflation.

[3] Not seasonally adjusted. Growth at an annual rate to the last 3 months of 1996 from the corresponding months of 1995 is shown.

[4] As measured by the Consumer Price Index for All Urban Consumers (CPI–U).

Local government education, consisting primarily of public school systems, produced the fourth-largest contribution to the growth of jobs, increasing by 158,000, or 6 percent of the total gain. A large increase in enrollment (809,000 students) occurred in fall 1996.[8]

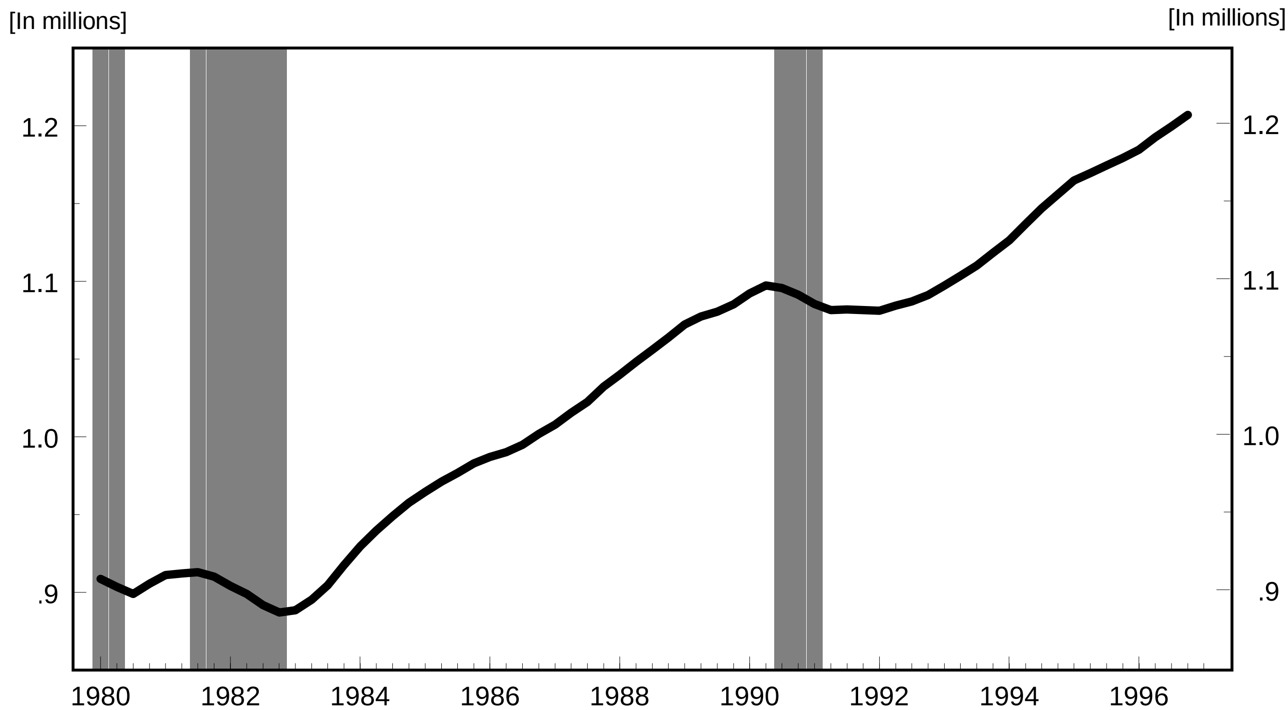
The addition of 132,000 jobs in *engineering and management services* was primarily in *management and public relations services*, such as management consulting, management of others' work sites on a contractual basis, and miscellaneous business consulting. *Engineering and architectural services* contributed a more modest gain of 34,000 jobs.

Restaurants, bars, and other *eating and drinking places* added 119,000 workers, the sixth-largest increase of any major industry group, as personal income and personal consumption expenditures rose.

Greatest losses

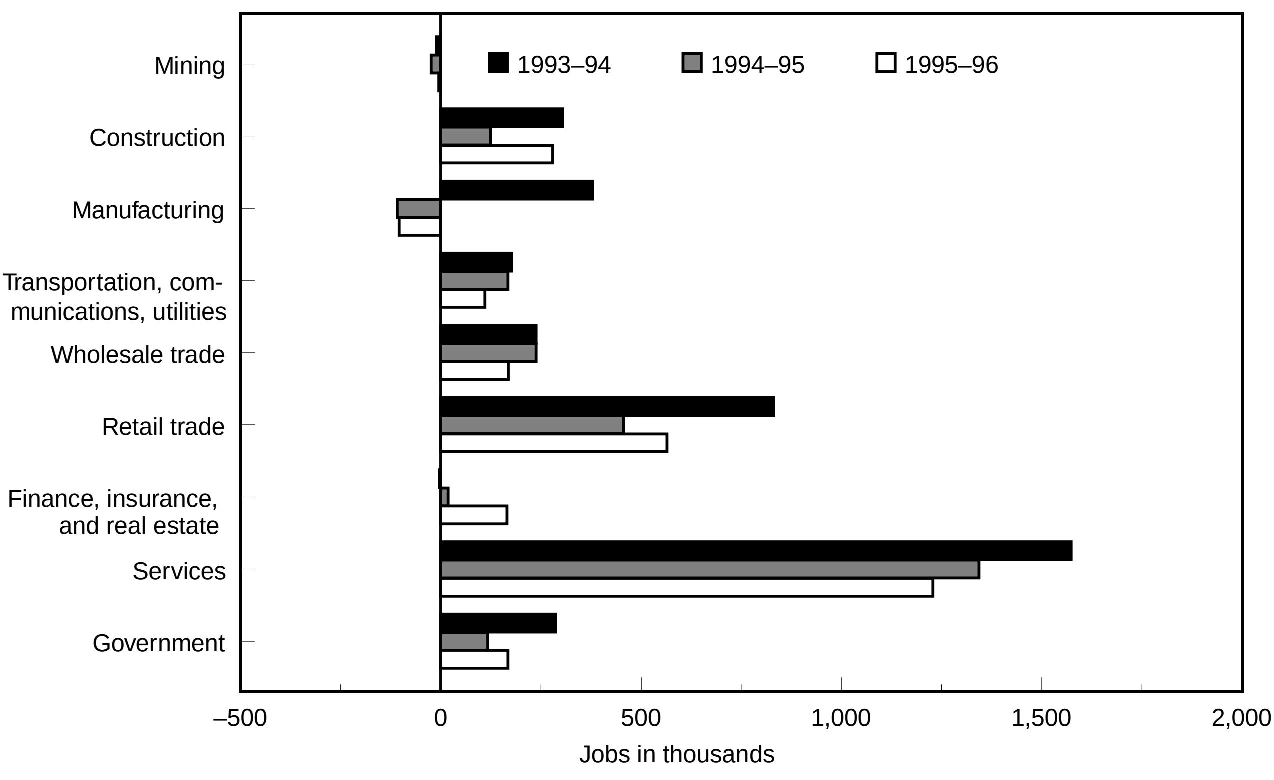
Despite the overall increase in payroll jobs, 10 of the 74 major groups of industries showed net losses of 10,000 or more jobs in 1996. (See table 2.) The 10 groups combined lost more than a quarter of a million jobs. The *Federal Government*

Chart 1. Total nonfarm employment, seasonally adjusted quarterly averages, 1980–96



NOTE: Shaded areas indicate recessions, as designated by the National Bureau of Economic Research.

Chart 2. Changes in employment in major industry divisions, fourth quarter to fourth quarter, 1993–96



lost the most jobs of any one group, 65,000, despite the fact that postal service employment was about unchanged. In the remaining Federal agencies, losses of civilian jobs were divided roughly equally between the Department of Defense and nondefense agencies. The Defense Department lost 41,000 jobs, 5.4 percent of its employment; and nondefense agencies other than the postal service lost 31,000 jobs, 2.8 percent of employment.

Most of the remaining larger losses of jobs were in *nondurable goods manufacturing* groups, which lost a combined 158,000 jobs, slightly less than the decline in 1995. Within nondurable manufacturing, domestic losses in 1996 were heaviest in *apparel and other textile products* (down 63,000 jobs in the industry's second straight year of severe domestic job cuts), partially because of U.S. apparel manufacturers' increased use of foreign sites for their operations.[9]

Twenty-five thousand jobs were lost in the public utility industry, which has been affected substantially by mergers and consequent reductions of staff. In the electric utility industry, uncertainty about the future effects of deregulation apparently resulted in efforts to be prepared for any outcome by cutting costs through reductions of staff.[10]

Table 3 shows the year-to-year changes of all industries for which seasonally adjusted estimates from the CES survey are published.

Greatest accelerations and decelerations

The preceding sections broke down job growth during 1996 in terms of the gains and losses of various industries. This section deals with how growth or loss by industry differed from the corresponding gains and losses of 1995 and other recent years. A variety of large changes in trend, both in the direction of greater growth and in the direction of reduced growth, and even transitions from substantial losses to substantial gains, made job changes in 1996 considerably different from changes in other recent years. Table 4 shows the most important changes in trend from 1994–95 to 1995–96.

Greatest accelerations. In *construction*, both *special-trade contractors* and *general contractors* expanded their payrolls much more in 1996 than in 1995. New-home sales accelerated greatly, rising 11.5 percent over the year. Special-trade contractors had the greatest increase in job growth of any major group, 101,000 more than the 1995 increase. General building contractors gained 41,000 jobs in 1996 after losing 7,000 in 1995.

In 1996, *general merchandise stores* gained 87,000 jobs, more than 2–1/2 times as many as in 1995, as retail sales increased by $9.6 billion, or 4.8 percent. (See table 1.)

The acceleration in hiring in the manufacturing of *transportation equipment* occurred primarily in the aircraft industry, which added 40,000 jobs in 1996 after losing 87,000 from late 1993 to late 1995. Airlines have been motivated to buy new passenger jets by the desire to meet upcoming stricter Federal noise regulations met by newer jets, by public perceptions that older jets are less safe, by the greater fuel efficiency of the newer jets, by the greater maintenance required by older aircraft, and by recent improvements in the airlines' cash positions.[11]

Winter 1996: Effects of historically bad weather

In January 1996, rare, extreme weather affected a large area east of the Mississippi River. As reported in the *Weekly Weather and Crop Bulletin:*

> Record snowfall bombarded areas from the Ohio Valley to the Middle Atlantic States, while temperatures dipped to freezing or below as far south as the lower Rio Grande Valley and southern Florida. . . .
>
> The January 6–8 snowfall broke all-time storm-total records in locations such as Cincinnati, OH, . . . Newark, NJ, . . . and Philadelphia, PA (30.7 inches). . . . The storm reached blizzard proportions along the East Coast as . . . winds toward [the] event's end . . . gusted to 51 MPH in Boston, MA and 49 MPH in . . . Wilmington, DE. (See *Weekly Weather and Crop Bulletin*, a periodical of the National Oceanic and Atmospheric Administration, National Weather Service, U.S. Department of Commerce, Washington, DC, Jan. 17, 1996, pp. 1, 15.)

The weather caused a large short-term loss of jobs, including a December-to-January decline of 58,000 in manufacturing and 66,000 in retailing. Total nonfarm jobs *declined* by 66,000 from December to January, while the average month of 1995 showed a *gain* of 185,000. In February, an extremely large gain of 509,000 jobs was partially due to recovery from storm-related shutdowns. Construction gained 115,000 jobs in February (as opposed to a mean monthly gain of 9,000 in 1995); retailing gained 72,000, slightly more than the January loss; and services gained 208,000, bouncing back with about twice its usual gain after anemic growth in January. Manufacturing regained a third of the jobs lost in January. Over the 2-month span ending in February, then, progress in nonfarm employment, up 443,000 since December, was 20 percent above the average 2-month gain of 1995. More normal monthly growth resumed in March.

Table 2. Industries losing 10,000 or more jobs in 1996

Industry	Change in jobs, fourth quarter 1995 to fourth quarter 1996 (thousands)
Federal Government	–65
Apparel and other textile products	–63
Food and kindred products	–30
Public utilities	–25
Textile mills	–22
State government, excluding education	–18
Chemicals and allied products	–12
Paper and allied products	–12
Printing and publishing	–11
Savings institutions	–10

Finance gained 105,000 jobs in 1996, following 2 years in which small losses occurred. *Depository institutions,* a component of finance, had been losing jobs since 1989, but added 15,000 jobs in 1996, due in part to renewed strength in commercial banks. Depository institutions had the sixth-greatest increase in growth among the major industry groups. The increase in new-home sales meant more jobs in *mortgage brokerages*, as well as in depository institutions. A bullish stock market handling an increased number of transactions contributed to accelerated job growth in security and commodity brokerages.

Local public education showed the fifth-greatest upward change in trend. The 1996 gain of 158,000 jobs exceeded the 1995 gain by 42 percent. Strong increases in enrollment for the second consecutive year may have pressed school systems to do more hiring. The following tabulation gives the increase over the previous year in public school enrollment for kindergarten through the 12th grade from fall 1992 to fall 1996 (the figures for 1995 and 1996 are projected):[12]

Year	*Increase*
1992	769,000
1993	660,000
1994	754,000
1995	846,000
1996	809,000

Greatest decelerations. Certain industries gained far fewer jobs in 1996 than in 1995, or lost more. (See table 4.) Even though *eating and drinking places* was one of the greatest gainers of jobs in 1996, its increase was so much reduced from that of 1995, that the industry had the most substantial reduction in growth of all major industry groups. The following tabulation shows changes in the number of employees of eating and drinking places from the fourth quarter of one year to the fourth quarter of the next:

Year	*Increase*
1993–94	236,000
1994–95	245,000
1995–96	118,000

In *wholesale trade of durable goods,* an industry whose job growth decreased severely, too, the use of more advanced computer technology continued to ease labor requirements. Enormous competition in the industry has led to pressure to cut costs by laying off workers.

Sophisticated software also has been making the process of design more efficient in *industrial machinery and equipment manufacturing*. In addition, competition from foreign machine-tool makers generates pressure to cut costs.[13]

In the *trucking and public warehousing* industry, employment decreased slightly in 1996 after 40,000 jobs were gained in 1995. Advancing computer technology in recordkeeping is easing labor requirements in warehousing operations of the industry. The consolidation of trucking firms, with consequent reductions of staff performing duplicated functions, contributed to the deceleration of employment as well.

Workers: demographic differences

The industry comparisons in the previous section were based on data from the CES survey. The employment analysis that follows is based on data from the CPS. The estimates of employment and over-the-year employment growth from the CPS differ from those obtained from the CES survey because of conceptual and methodological differences between the two surveys. (For an overview of these differences, see box on page 15.)

The economy was in the sixth year of an economic expansion during 1996. One way to assess the strength of the labor market is to compare it with a similar time frame during the previous business cycle. In 1996, the trends in both employment and unemployment, on a seasonally adjusted monthly basis, resembled those at a similar point in the 1983–90 expansion.[14] This occurred despite the fact that labor market conditions were much slower to improve following the most recent downturn in 1990–91 than during the downturn of 1981–82.[15] In fact, it was well into the second year after the recession officially ended before the anemic pace of employment growth (as measured by the CES survey, as well as the CPS) improved and unemployment turned downward.

Following a slowdown in growth in 1995, employment during 1996 (as measured by the CPS) resumed the growth trend exhibited over the 1993–94 period. And the 2.2-percent (seasonally adjusted) annual rate of growth for 1996 was in line with the rate that occurred during the sixth year of the 1983–90 expansion. The most striking likeness, however, was evi-

Table 3. Employees on nonfarm payrolls, by industry, seasonally adjusted quarterly averages, 1993–96

[Numbers in thousands]

Industry	Fourth quarter 1993	Fourth quarter 1994	Fourth quarter 1995	1996				Change, fourth quarter 1995 to fourth quarter 1996	
				First quarter	Second quarter	Third quarter	Fourth quarter	Number	Percent
Total nonfarm	111,833	115,611	117,928	118,466	119,264	119,958	120,509	2,581	2.2
Total private	92,897	96,388	98,587	99,101	99,830	100,422	100,999	2,412	2.4
Goods producing	23,482	24,156	24,148	24,187	24,249	24,273	24,320	172	.7
Mining	606	595	571	572	575	569	566	–5	–.9
Metal mining	49	49	51	51	52	52	52	1	2.0
Oil and gas extraction	352	331	310	312	315	310	308	–2	–.6
Nonmetallic minerals, except fuels	102	105	107	107	107	108	109	2	1.9
Construction	4,781	5,086	5,211	5,308	5,379	5,438	5,492	280	5.4
General building contractors	1,149	1,207	1,200	1,215	1,229	1,232	1,241	41	3.4
Heavy construction, except building	723	745	752	758	766	768	765	13	1.7
Special trade contractors	2,909	3,134	3,259	3,334	3,384	3,438	3,485	226	6.9
Manufacturing	18,096	18,475	18,366	18,307	18,295	18,266	18,262	–104	–.6
Durable goods	10,246	10,579	10,642	10,642	10,676	10,689	10,696	54	.5
Lumber and wood products	724	768	762	754	763	766	770	8	1.0
Furniture and fixtures	491	512	505	502	499	500	501	–4	–.8
Stone, clay, and glass products	521	538	535	535	536	536	538	3	.6
Primary metal industries	684	709	709	708	706	704	702	–7	– 1.0
Blast furnaces and basic steel products	241	240	240	240	239	237	234	–7	– 2.9
Fabricated metal products	1,349	1,415	1,440	1,442	1,444	1,455	1,461	20	1.4
Industrial machinery and equipment	1,943	2,015	2,079	2,085	2,087	2,086	2,089	10	.5
Computer and office equipment	356	350	356	357	359	358	360	4	1.1
Electronic and other electrical equipment	1,533	1,595	1,641	1,650	1,651	1,653	1,647	6	.4
Electronic components and accessories	529	556	600	612	614	615	611	11	1.8
Transportation equipment	1,737	1,788	1,751	1,747	1,771	1,771	1,771	20	1.1
Motor vehicles and equipment	853	946	961	946	963	957	952	–9	–.9
Aircraft and parts	515	469	428	446	447	454	468	40	9.3
Instruments and related products	882	849	831	831	834	832	832	1	.1
Miscellaneous manufacturing industries	381	391	389	388	386	385	385	– 4	–1.0
Nondurable goods	7,849	7,895	7,724	7,666	7,618	7,578	7,566	– 158	–2.0
Food and kindred products	1,684	1,677	1,675	1,674	1,660	1,640	1,646	–30	–1.8
Tobacco products	43	42	42	41	41	40	41	0	.0
Textile mill products	673	681	652	642	637	634	630	–22	–3.4
Apparel and other textile products	975	976	892	868	853	840	829	–63	–7.1
Paper and allied products	690	695	686	682	677	673	674	–12	–1.7
Printing and publishing	1,522	1,543	1,537	1,532	1,527	1,527	1,525	–11	–.7
Chemicals and allied products	1,075	1,047	1,029	1,026	1,023	1,019	1,017	–12	–1.2
Petroleum and coal products	150	150	141	140	139	139	138	–2	–1.4
Rubber and miscellaneous plastics products	920	973	969	962	965	972	973	4	.4
Leather and leather products	116	111	102	99	97	94	93	–9	–8.8
Service producing	88,351	91,455	93,780	94,279	95,015	95,685	96,189	2,409	2.6
Transportation and public utilities	5,886	6,063	6,231	6,272	6,311	6,337	6,343	111	1.8
Transportation	3,672	3,835	3,963	3,995	4,029	4,053	4,059	97	2.4
Railroad transportation	244	241	236	234	232	230	230	–7	–3.0
Local and interurban passenger transit	386	408	433	439	449	460	460	27	6.2
Trucking and warehousing	1,739	1,835	1,875	1,879	1,888	1,882	1,866	–8	–.4
Water transportation	170	173	173	171	170	172	172	–1	–.6
Transportation by air	744	761	810	828	839	851	868	58	7.2
Pipelines, except natural gas	18	17	14	14	14	14	14	0	.0
Transportation services	371	400	421	430	437	444	449	28	6.7
Communications and public utilities	2,214	2,228	2,269	2,277	2,282	2,284	2,283	15	.7
Communications	1,274	1,305	1,357	1,372	1,383	1,396	1,397	40	2.9
Electric, gas, and sanitary services	940	924	911	905	898	889	886	–25	–2.7

Table 3. Continued—Employees on nonfarm payrolls, by industry, seasonally adjusted quarterly averages, 1993–96

[Numbers in thousands]

Industry	Fourth quarter 1993	Fourth quarter 1994	Fourth quarter 1995	1996				Change, fourth quarter 1995 to fouth quarter 1996	
				First quarter	Second quarter	Third quarter	Fourth quarter	Number	Percent
Wholesale trade	6,024	6,262	6,480	6,530	6,564	6,602	6,650	169	2.6
Durable goods	3,466	3,624	3,789	3,827	3,850	3,870	3,890	100	2.6
Nondurable goods	2,558	2,638	2,691	2,703	2,714	2,732	2,760	69	2.6
Retail trade	20,011	20,842	21,299	21,319	21,489	21,682	21,864	565	2.7
Building materials and garden supplies	796	856	878	883	907	925	942	64	7.3
General merchandise stores	2,501	2,658	2,685	2,671	2,705	2,738	2,772	87	3.2
Department stores	2,162	2,321	2,358	2,349	2,393	2,416	2,447	89	3.8
Food stores	3,247	3,310	3,392	3,401	3,411	3,439	3,459	67	2.0
Automotive dealers and service stations	2,048	2,152	2,213	2,234	2,261	2,291	2,308	96	4.3
New and used car dealers	927	980	1,005	1,015	1,027	1,036	1,042	37	3.7
Apparel and accessory stores	1,142	1,152	1,109	1,100	1,100	1,100	1,105	– 3	–.3
Furniture and home furnishings stores	847	922	947	950	964	987	1,006	59	6.2
Eating and drinking places	6,934	7,170	7,415	7,419	7,469	7,507	7,534	119	1.6
Miscellaneous retail establishments	2,498	2,622	2,661	2,662	2,672	2,694	2,737	76	2.9
Finance, insurance, and real estate	6,856	6,853	6,872	6,915	6,958	6,998	7,039	166	2.4
Finance	3,290	3,265	3,257	3,286	3,312	3,336	3,362	105	3.2
Depository institutions	2,089	2,051	2,020	2,022	2,026	2,029	2,035	15	.7
Commercial banks	1,499	1,480	1,465	1,466	1,468	1,472	1,479	14	1.0
Savings institutions	320	292	268	266	267	263	258	– 10	– 3.7
Nondepository institutions	484	468	478	496	507	518	530	51	10.7
Security and commodity brokers	491	522	526	531	538	546	552	26	4.9
Holding and other investment offices	226	224	232	238	242	243	245	13	5.6
Insurance	2,224	2,231	2,250	2,255	2,259	2,262	2,264	14	.6
Insurance carriers	1,549	1,543	1,546	1,548	1,551	1,553	1,551	5	.3
Insurance agents, brokers, and service	675	688	704	707	708	709	713	10	1.4
Real estate	1,342	1,357	1,366	1,374	1,387	1,400	1,413	47	3.4
Services	30,638	32,212	33,556	33,878	34,260	34,529	34,785	1,229	3.7
Agricultural services	539	579	586	599	609	618	624	38	6.5
Hotels and other lodging places	1,616	1,639	1,651	1,657	1,686	1,687	1,694	43	2.6
Personal services	1,144	1,145	1,166	1,173	1,179	1,178	1,184	18	1.5
Business services	5,893	6,522	6,928	7,009	7,141	7,254	7,301	373	5.4
Services to buildings	832	871	889	893	899	892	888	– 1	– .1
Personnel supply services	2,027	2,394	2,521	2,542	2,613	2,685	2,686	165	6.5
Help supply services	1,787	2,125	2,229	2,245	2,315	2,383	2,377	149	6.7
Computer and data-processing services	909	1,000	1,126	1,148	1,183	1,217	1,251	125	11.1
Auto repair, services, and parking	935	991	1,040	1,059	1,078	1,103	1,122	82	7.9
Miscellaneous repair service	339	345	357	359	364	366	369	11	3.1
Motion pictures	421	456	506	515	523	532	533	27	5.3
Amusement and recreation services	1,285	1,355	1,472	1,504	1,512	1,517	1,546	74	5.0
Health services	8,849	9,077	9,381	9,463	9,547	9,596	9,662	282	3.0
Offices and clinics of medical doctors	1,516	1,567	1,629	1,644	1,667	1,681	1,693	64	3.9
Nursing and personal care facilities	1,615	1,663	1,711	1,723	1,739	1,749	1,757	45	2.6
Hospitals	3,772	3,760	3,810	3,832	3,847	3,854	3,875	65	1.7
Home health care services	503	588	645	652	658	658	665	20	3.1
Legal services	926	924	924	927	928	934	940	17	1.8
Educational services	1,756	1,907	1,976	1,982	1,994	2,012	2,020	45	2.3
Social services	2,105	2,264	2,356	2,372	2,395	2,397	2,417	62	2.6
Child day care services	481	539	567	568	570	573	578	10	1.8
Residential care	580	621	647	654	663	671	675	28	4.3
Museums and botanical and zoological gardens	77	79	82	83	85	85	86	4	4.9
Membership organizations	2,045	2,112	2,132	2,136	2,144	2,150	2,152	20	.9
Engineering and management services	2,535	2,632	2,809	2,849	2,882	2,907	2,941	132	4.7
Engineering and architectural services	761	794	823	827	840	848	857	34	4.1

Table 3. Continued—Employees on nonfarm payrolls, by industry, seasonally adjusted quarterly averages, 1993–96

[Numbers in thousands]

Industry	Fourth quarter 1993	Fourth quarter 1994	Fourth quarter 1995	1996				Change, fourth quarter 1995 to fourth quarter 1996	
				First quarter	Second quarter	Third quarter	Fourth quarter	Number	Percent
Management and public relations	695	743	859	883	897	909	933	74	8.6
Services, not elsewhere classified	40	42	45	44	46	46	46	1	2.2
Government	18,936	19,223	19,341	19,365	19,433	19,536	19,510	168	.9
Federal	2,899	2,853	2,796	2,781	2,769	2,743	2,731	–65	–2.3
Federal except postal service	2,100	2,024	1,946	1,926	1,914	1,889	1,874	–72	–3.7
State government	4,514	4,622	4,635	4,633	4,651	4,664	4,641	6	.1
State government, except education	2,663	2,717	2,698	2,690	2,688	2,684	2,680	–18	–.7
State government education	1,851	1,905	1,937	1,943	1,962	1,980	1,961	24	1.2
Local government	11,523	11,748	11,911	11,951	12,013	12,129	12,138	227	1.9
Local government, except education	5,127	5,218	5,271	5,291	5,316	5,324	5,340	69	1.3
Local government education	6,396	6,529	6,640	6,660	6,697	6,806	6,798	158	2.4

dent in the unemployment rate itself: in the sixth year after the trough, the unemployment rates for comparable periods following the official ends of the recessions—September 1987 to August 1988 and January 1996 to December 1996—were of about the same magnitude and exhibited a very similar, slightly downward, trend. (See chart 3.)

There is one item, however, on which the current and previous expansions differ significantly: long-term unemployment. The proportion of the unemployed who had been looking for work for 27 weeks or longer has been substantially higher during the current expansion compared with the earlier one. In fact, during 1996, long-term unemployment as a percentage of total unemployment ranged about 3 to 6 percentage points higher than it had at a comparable point in the business cycle in the late 1980s. (See chart 4.)

Total employed

Employment. The total number of employed persons, according to the household survey, surged by about 2.6 million in 1996, reaching 127.7 million in the fourth quarter. In contrast, total employment in 1995 increased by only 737,000.

Adults (persons aged 20 and older) accounted for most of the net increase in total employment over the year. The number of employed adult men rose by 1.3 million, while employment of adult women grew by 1.1 million. Employment of teenagers also edged up in 1996, by about 200,000. (See table 5.) The situation for adult men differs sharply from that of 1995, when their employment level was unchanged over the year and all the growth in employment occurred among adult women and teenagers.

The proportion of the civilian noninstitutional population aged 16 and older who were employed—the overall employment–population ratio—rose in 1996 by 0.6 percentage point, to 63.4 percent. The over-the-year increase in the ratio for adult men (0.8 percentage point) was somewhat greater than that for adult women (0.6 percentage point). The measure was unchanged for teenagers. Among the major racial and ethnic groups, the employment–population ratio for Hispanics surged 2.5 percentage points in 1996; that for whites rose 0.6 percentage point, and the ratio for blacks was unchanged.

Employment among part-time workers (those who usually work less than 35 hours per week at all jobs combined) remained about the same over the year. Due to an increase in overall employment, however, part-time work as a proportion of total employment declined over the year. Employment among the self-employed also was unchanged over the year, continuing a trend that started at the beginning of 1994.

Multiple jobholding. On average, 7.8 million workers were multiple jobholders—that is, they held more than one job at a time—in 1996. The proportion of the total employed who were multiple jobholders was 6.2 percent. Both of these measures were essentially unchanged over the year. As shown in the following tabulation, more than half of all moonlighters in 1996 combined a full-time job with a part-time one, while about 1 in 5 combined two part-time jobs:[16]

	Percent distribution		
	Total	*Men*	*Women*
Full-time job and part-time job	55.9	62.2	48.7
Two full-time jobs	3.1	4.2	1.9
All part-time jobs	21.9	12.7	32.5
Hours vary on one or more jobs	18.6	20.4	16.5

About the same proportion of employed men and women held more than one job, but women who did were 2–1/2 times as likely as men to work two part-time jobs.

Occupational employment. The next tabulation shows the change in employment (in thousands) by occupation for 1996. Managerial and professional specialty occupations again accounted for a disproportionally large share (55 percent) of the net increase. This figure was down substantially, however, from the share of net employment growth attributable to these occupations during the previous 5-year period (75 percent). Workers in managerial and professional specialty occupations tend to earn above-average wages, and recent research also indicates that about three-fourths of the employment growth from 1989 to 1995 occurred in relatively higher paying occupation/industry groups.[17]

	Fourth-quarter 1995	*Fourth-quarter 1996*	*Over-the-year change*
Managerial and professional specialty	35,695	37,109	1,414
Technical, sales, and administrative support	37,274	37,891	617
Service occupations	16,912	17,325	413
Precision production, craft, and repair	13,436	13,556	120
Operators, fabricators, and laborers	18,141	18,268	127
Farming, forestry, and fishing	3,628	3,502	–126

Among the other major occupational groups, employment in technical, sales, and administrative support grew modestly in 1996, reversing a decline of similar magnitude in the previous year. Growth in service occupations accounted for about 16 percent of the net increase in employment in 1996. Employment in the other major occupational groups showed little change over the year.

Labor force. Labor force growth accelerated in 1996. The number of persons either working or looking for work expanded by 2.3 million, to 134.8 million, compared with an increase of only 716,000 in 1995. Labor force participation rates—the share of the civilian noninstitutional population that was in the labor force—rose slightly for both adult men and adult women, while that for teenagers was about unchanged. (See table 5.) In 1995, the labor force participation rates for adult women and teenagers were unchanged, while the rate for adult men slipped 0.6 percentage point.

Unemployment and underutilization

Unemployment edged down by 240,000 to 7.1 million in 1996, after showing virtually no change in 1995. This decrease, coupled with the strong employment increase, moved the unemployment rate to its lowest point (5.3 percent in the last half of 1996) in more than 6 years. Jobless rates declined slightly for adult men, whites, and Hispanics, but showed little or no change for other major worker groups. (See table 5.)

Reasons for unemployment. The number of persons who were unemployed because they had lost their jobs declined by 307,000 over the year, to 3.2 million. Of the two major subcategories of this group—those on temporary layoff and those whose layoffs were of a more "permanent" nature—the latter made up the vast majority (80 percent) of the over-the-year decline. (See table 6.) Between the fourth quarters of

Table 4. Industries with the greatest changes in trend of employment, fourth-quarter averages, seasonally adjusted, 1994–96

[In thousands]

Industry	Greatest accelerations: Change, fourth quarter 1994 to fourth quarter 1995	Greatest accelerations: Change, fourth quarter 1995 to fourth quarter 1996	Greatest accelerations: Difference	Industry	Greatest decelerations: Change, fourth quarter 1994 to fourth quarter 1995	Greatest decelerations: Change, fourth quarter 1995 to fourth quarter 1996	Greatest decelerations: Difference
Special-trade contractors	125	226	101	Eating and drinking places	245	119	–126
General merchandise stores	27	87	60	Wholesale trade of durable goods	165	100	–65
Manufacture of transportation equipment	–37	20	57	Manufacture of industrial machinery and equipment	64	10	–54
General building contractors	–7	41	48	Trucking and warehouseing	40	–8	–48

Chart 3. Unemployment rates, seasonally adjusted, 70 months after business cycle trough

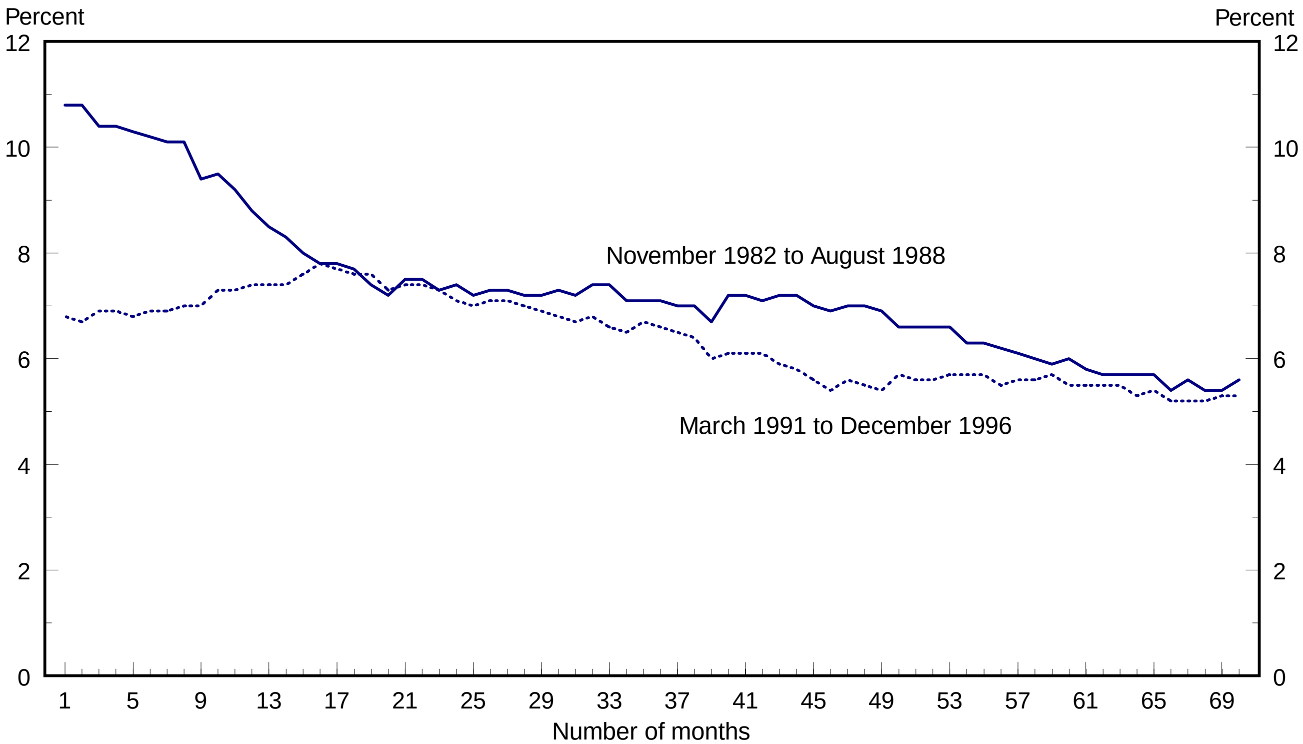
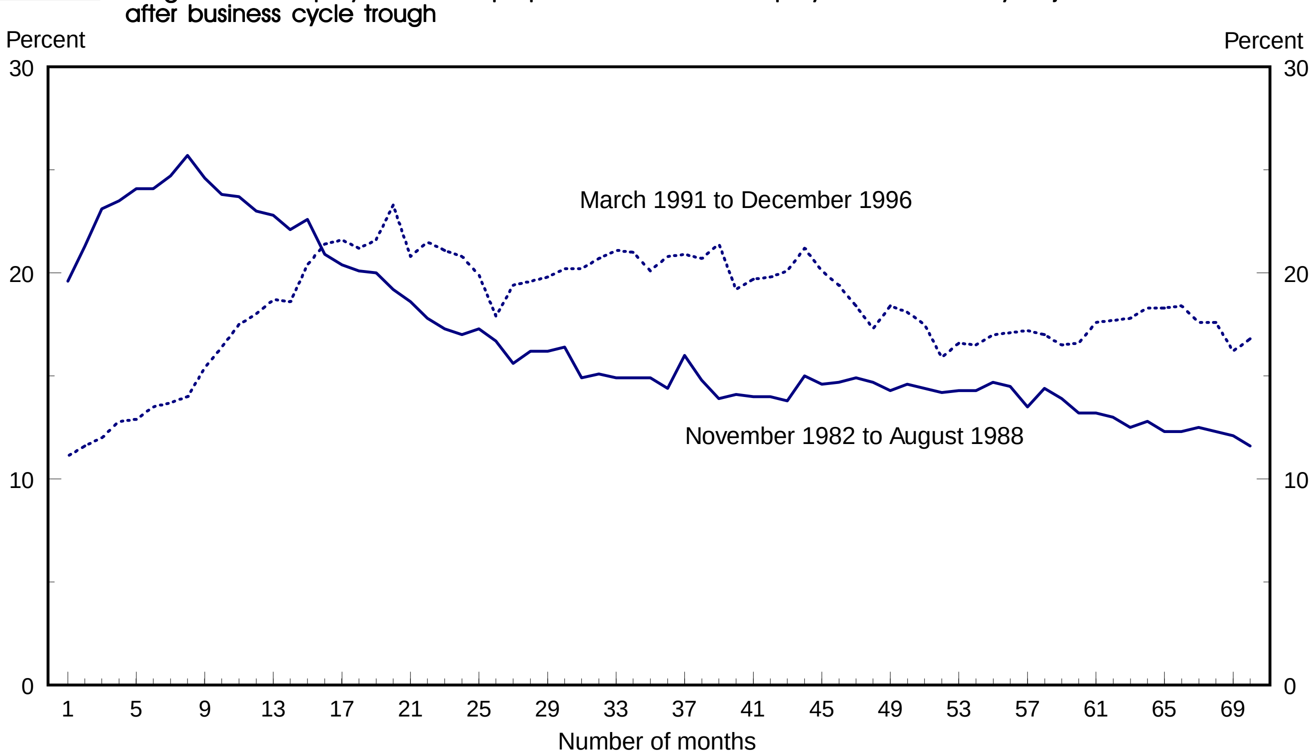


Chart 4. Long-term unemployment as a proportion of total unemployment, seasonally adjusted, 70 months after business cycle trough



1995 and 1996, the number of unemployed persons who had voluntarily left their last job was unchanged. In contrast, this group grew by more than 100,000 during 1995 after showing a declining trend for several years.

Duration. Table 6 shows the number of unemployed persons according to the length of their job search. In 1996, there was little change in both the number of persons unemployed for less than 15 weeks and the number of persons unemployed for relatively long periods (15 or more weeks). As mentioned earlier, the *proportion* of persons unemployed for half a year or more has remained unusually high. In the fourth quarter of 1996, about 1 unemployed person in 6 had been looking for work for more than half a year, a ratio down only slightly from the 1 in 5 who had been pursuing employment in mid-1992 as the economy began to expand.

What is not evident from the data is why the proportion of long-term unemployment has failed to decline in the face of strong employment growth and low unemployment. Numerous studies have noted the persistently high degree of long-term unemployment in the current expansion.[18] Research has shown that groups with the greatest incidence of long-term joblessness—prime-age workers, managers, professionals, and permanent job losers—have made up an increasing share of total unemployment in recent years. These shifts, however, account for only part of the difference in long-term joblessness, compared to prerecession levels. Further research is needed to advance the explanation.

Other labor market measures. The official statistics on unemployment are not the only measures of the extent to which labor resources are not being fully utilized. The Bu-

Table 5. Employment status of the civilian noninstitutional population 16 years and older, by sex, age, race, and Hispanic origin, quarterly averages, seasonally adjusted, 1995–96

[Numbers in thousands]

Characteristic	Fourth quarter 1995	1996				Change, fourth quarter 1995 to fourth quarter 1996
		First quarter	Second quarter	Third quarter	Fourth quarter	
Total						
Civilian labor force	132,506	133,144	133,632	134,118	134,830	2,324
Participation rate	66.5	66.6	66.7	66.8	66.9	.4
Employed	125,142	125,693	126,381	127,042	127,705	2,563
Employment–population ratio	62.8	62.9	63.1	63.3	63.4	.6
Agriculture	3,370	3,489	3,431	3,456	3,410	40
Nonagricultural industries	121,772	122,204	122,950	123,586	124,295	2,523
Unemployed	7,364	7,451	7,251	7,076	7,124	–240
Unemployment rate	5.6	5.6	5.4	5.3	5.3	–.3
Men, 20 years and older						
Civilian labor force	67,272	67,710	67,971	68,107	68,344	1,072
Participation rate	76.4	76.7	76.8	76.8	76.8	.4
Employed	64,043	64,412	64,765	65,071	65,338	1,295
Employment–population ratio	72.7	73.0	73.2	73.4	73.5	.8
Agriculture	2,284	2,376	2,323	2,360	2,370	86
Nonagricultural industries	61,759	62,036	62,441	62,712	62,968	1,209
Unemployed	3,230	3,298	3,206	3,036	3,006	–224
Unemployment rate	4.8	4.9	4.7	4.5	4.4	–.4
Women, 20 years and older						
Civilian labor force	57,474	57,672	57,870	58,239	58,578	1,104
Participation rate	59.5	59.6	59.7	60.0	60.2	.7
Employed	54,702	54,861	55,113	55,486	55,768	1,066
Employment–population ratio	56.7	56.7	56.9	57.1	57.3	.6
Agriculture	823	845	836	839	786	–37
Nonagricultural industries	53,879	54,016	54,277	54,647	54,982	1,103
Unemployed	2,772	2,811	2,758	2,754	2,810	38
Unemployment rate	4.8	4.9	4.8	4.7	4.8	.0
Both sexes, 16 to 19 years						
Civilian labor force	7,760	7,763	7,790	7,771	7,907	147
Participation rate	52.7	52.7	52.5	51.7	52.2	–.5
Employed	6,397	6,420	6,504	6,485	6,599	202
Employment–population ratio	43.5	43.6	43.8	43.1	43.6	.1
Agriculture	263	267	272	257	254	–9
Nonagricultural industries	6,134	6,153	6,232	6,227	6,345	211
Unemployed	1,362	1,343	1,287	1,287	1,309	–53
Unemployment rate	17.6	17.3	16.5	16.6	16.6	–1.0
White						
Civilian labor force	112,093	112,562	112,895	113,126	113,811	1,718
Participation rate	66.9	67.1	67.2	67.1	67.4	.5
Employed	106,584	107,074	107,558	107,977	108,610	2,026
Employment–population ratio	63.7	63.8	64.0	64.1	64.3	.6
Unemployed	5,509	5,488	5,337	5,148	5,200	–309
Unemployment rate	4.9	4.9	4.7	4.6	4.6	–.3
Black						
Civilian labor force	14,939	14,954	15,051	15,231	15,291	352
Participation rate	63.9	63.8	63.9	64.4	64.4	.5
Employed	13,456	13,372	13,498	13,626	13,671	215
Employment–population ratio	57.5	57.0	57.3	57.6	57.5	.0
Unemployed	1,483	1,583	1,553	1,605	1,620	137
Unemployment rate	9.9	10.6	10.3	10.5	10.6	.7
Hispanic origin						
Civilian labor force	12,379	12,563	12,593	12,811	13,107	728
Participation rate	65.7	66.2	65.8	66.4	67.4	1.7
Employed	11,209	11,361	11,435	11,701	12,054	845
Employment–population ratio	59.5	59.9	59.8	60.7	62.0	2.5
Unemployed	1,170	1,202	1,158	1,109	1,053	–117
Unemployment rate	9.5	9.6	9.2	8.7	8.0	–1.5

NOTE: Detail for 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.

reau of Labor Statistics has developed a range of labor market indicators, called *alternative measures of labor underutilization*, which can be used to supplement the jobless rate. Table 7 shows alternative measures U–3 through U–6 over the past year.[19] As with the official jobless rate (U–3), there was little change in these measures over the year.

Alternative measure U–4 adds persons classified as discouraged to the number of unemployed persons. Discouraged workers are those persons who say that they want a job, were available for work, had searched for work sometime in the previous 12 months, but had stopped looking for work because they believed that there were no jobs available for them. The total number of discouraged workers held fairly steady in 1996, averaging 397,000, so U–4 was little changed over the year. (See table 8.)

Alternative measure U–5 includes all "marginally attached" workers. Compared with U–4, this broader group adds those who are not currently looking for work for reasons other than discouragement, such as transportation or child-care problems. In 1996, there were about 1.6 million of these "marginally attached" workers, a figure essentially unchanged from the previous year's. (See table 8.) As a result, U–5, while 1 full percentage point higher than the official unemployment rate in the fourth quarter of 1996, also was little changed over the year.

The broadest measure of the alternative indicators, U–6, adds a group of the "underemployed" to the calculation. It represents the number of unemployed persons, plus all "marginally attached" workers (including discouraged workers), plus all persons employed part time for economic reasons, as a percent of the labor force plus all marginally at-

Table 6. Unemployed persons, by reason and duration of unemployment, quarterly averages, seasonally adjusted, 1995–96

[Numbers of unemployed in thousands]

Reason and duration	Fourth quarter 1995	1996				Change, fourth quarter 1995 to fourth quarter 1996
		First quarter	Second quarter	Third quarter	Fourth quarter	
Total unemployed	7,364	7,451	7,251	7,076	7,124	–240
Reason for unemployment						
Job losers and persons who completed temporary jobs	3,525	3,546	3,448	3,226	3,218	–307
On temporary layoff	1,043	1,059	1,054	967	979	–64
Not on temporary layoff	2,482	2,486	2,394	2,260	2,238	–244
Job leavers	819	789	704	776	822	3
Reentrants	2,485	2,506	2,544	2,477	2,523	38
New entrants	576	605	553	567	596	20
Duration of unemployment						
Less than 5 weeks	2,743	2,714	2,583	2,553	2,682	–61
5 to 14 weeks	2,367	2,322	2,280	2,250	2,291	–76
15 or more weeks	2,336	2,366	2,365	2,292	2,219	–117
15 to 26 weeks	1,079	1,104	1,066	1,012	1,019	–60
27 or more weeks	1,257	1,261	1,299	1,280	1,200	–57
Median duration, in weeks	8.1	8.2	8.4	8.5	7.9	–.2

Table 7. Range of alternative measures of labor underutilization, quarterly averages, not seasonally adjusted, 1995–96

[In percent]

Measure	Fourth quarter 1995	1996				Change, fourth quarter 1995 to fourth quarter 1996
		First quarter	Second quarter	Third quarter	Fourth quarter	
U–1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force	1.6	2.0	1.9	1.6	1.5	–0.1
U–2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force	2.5	3.1	2.5	2.2	2.3	–.2
U–3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)	5.2	6.0	5.4	5.2	5.0	–.2
U–4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers	5.5	6.3	5.7	5.5	5.2	–.3
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	6.3	7.2	6.5	6.3	6.0	–.3
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	9.5	10.6	9.7	9.5	9.0	–.5

Reconciling differences between employment estimates from the Current Population Survey (Household Survey) and the Current Employment Statistics Survey (Establishment Survey)

The Bureau of Labor Statistics maintains two monthly data series of employment that are independently obtained: the estimate of total nonfarm jobs, derived from the Current Employment Statistics (CES) survey, and the estimate of total employment, derived from the Current Population Survey (CPS). (The CPS also provides information on unemployment, whereas the CES survey does not.) The CES survey is an employer-based survey that provides information on the number of jobs within industries, while the CPS is a survey of households that provides data by demographic characteristics, occupation, and industry. Each series measures unique aspects of the U.S. employment situation.

Employment estimates from the CPS pertain to persons in any type of work arrangement—including the self-employed and unpaid workers in family businesses—whereas those from the CES survey refer only to persons on nonfarm payrolls. As a result, the count of employment from the CPS is larger than that from the CES survey. Partially offsetting the higher estimate from the CPS is the fact that it is a count of persons and, as such, includes individuals only once, regardless of the number of jobs they hold. In contrast, the CES survey is a count of jobs and includes each job for persons who work in more than one establishment. It is possible, though, to make some adjustments to the CPS employment estimate so that it more closely matches the CES survey data.

A partial reconciliation of the two series is shown in the table below. Note that the data are not necessarily representative of the difference between the two surveys at all points in the business cycle. Also, there are some differences in concepts and definitions that are not possible to quantify. For instance, the CPS provides information on persons aged 16 and older. By contrast, in the CES survey, any person who appears on a payroll record, regardless of age, is counted as employed.

Other differences in the surveys' methodologies and coverage also preclude a perfect reconciliation of the two employment series. For example, the reference period for the CPS is the *week* that includes the 12th day of the month, while, for the CES survey, it is the *pay period* that includes the 12th of the month. Obviously, pay periods vary in length and can be longer than 1 week. It is therefore possible for the CES survey estimate of employment to reflect a longer reference period than that used for the CPS.

Finally, coverage in the CPS includes household members who are part of the civilian noninstitutional population. Persons who are inmates of institutions, such as those confined in penal or mental facilities, residents of homes for the aged, and those who are on active duty in the Armed Forces, are excluded from the CPS. Also, only households that are in the United States are eligible to be sampled in the CPS. The coverage of the CES survey, in contrast, is broader: uniformed military personnel who hold civilian jobs are counted in the CES because of their civilian employment, and persons who commute into the United States from Mexico or Canada and are employed by companies within the United States are counted as employed in the CES estimate.

Reconciliation of employment estimates from the CPS and the CES survey, not seasonally adjusted

[In thousands]

Category	Fourth quarter		Over-the-year change
	1995	1996	
CPS employment estimate	125,571	128,166	2,595
Less: agricultural employment	3,264	3,300	36
Nonagricultural:			
Self-employed workers	8,930	9,063	133
Unpaid family workers	100	137	37
Private household workers	961	974	13
Unpaid absences from work	1,448	1,431	–17
Plus: multiple jobholders	5,032	5,419	387
Agricultural services	706	789	83
Adjusted CPS employment	116,606	119,469	2,863
CES survey employment estimate	118,838	121,446	2,608

tached workers. People are employed part time—that is, 1 to 34 hours per week—for various reasons. Some would prefer to work full time, but because of slack work, business conditions, or seasonal declines in demand, are unable to do so. This group is formally classified as persons at work part time for economic reasons. The number of workers employed under such conditions in the fourth quarter of 1996 was about 4.1 million (not seasonally adjusted) and has changed very little over the past 2 years.

By including those at work part time for economic reasons, U–6 treats some of those who are working part time on an equal basis with the unemployed. In the fourth quarter of 1996, U–6, although 4 percentage points higher than the official rate of unemployment, was little changed over the year.

Regional differences

Employment. All four geographic regions of the United States defined by the Bureau of the Census[20] registered employment growth in 1996, and the rate of expansion was faster than in 1995 in all regions but the South. As in the Nation as a whole, services accounted for the greatest share of growth in each of the four regions and trade the second-greatest. Employment in construction and in finance, insurance, and real estate also expanded in all regions. Manufacturing employment increased only in the West and declined in all of the other regions.

Overall employment increased most strongly in the West, partially because of the addition of more than 300,000 jobs in services. The Mountain division of this region had the highest rate of job growth among the nine geographic divisions of the United States. The South had the second-greatest percent growth of the four regions, but lost 58,000 manufacturing jobs. Employment growth was weakest in the Northeast; the Middle Atlantic division of this region was the only one in the country where employment increased by less than 1 percent. The Northeast was the only region where employment declined in transportation, communications, and utilities and in government. Nevertheless, the region had overall growth of about 200,000 jobs, primarily in services. The following tabulation shows the growth in nonfarm jobs from 1995 to 1996:

	Number	*Percent*
West	726,000	3.0
South	818,000	2.0
Midwest	454,000	1.5
Northeast	202,000	.9

Unemployment. Unemployment rates edged down in all four Census Bureau regions, echoing the improvement at the national level. The Midwest recorded the lowest jobless rate for the sixth consecutive year, while the West had the highest rate for the fifth straight year. Four divisions—the Pacific, West South Central, Middle Atlantic, and South Atlantic—recorded the largest declines in unemployment, mostly in the early and middle parts of the year.

Table 8. Persons not in the labor force, by desire and availability for work, age, and sex, annual averages, 1995–96

[Numbers in thousands]

Category	Total		Age						Sex			
			16 to 24 years		25 to 54 years		55 years and older		Men		Women	
	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996	1995	1996
Total not in the labor force	66,280	66,647	10,922	11,160	18,854	18,720	36,503	36,768	23,818	24,119	42,462	42,528
Want a job now [1]	5,670	5,451	2,115	2,050	2,608	2,514	947	886	2,282	2,190	3,388	3,261
Searched for work in previous year [2]	2,384	2,290	963	950	1,172	1,108	250	232	1,050	1,005	1,334	1,285
Not available to work	791	732	397	365	350	328	45	40	302	277	490	455
Available to work	1,593	1,558	566	585	822	780	205	192	749	728	844	830
Reason not currently looking:												
Discouragement over job prospects [3]	410	397	108	115	231	225	72	58	245	233	166	164
Reasons other than discouragement	1,182	1,160	458	471	591	555	133	135	504	495	679	666
Did not search for work in previous year	3,286	3,161	1,153	1,100	1,436	1,407	697	654	1,231	1,185	2,054	1,976
Do not want a job now [1]	60,610	61,197	8,807	9,110	16,246	16,205	35,557	35,882	21,536	21,929	39,074	39,267

[1] Includes some persons who are not asked whether they want a job.

[2] Persons who had a job in the previous 12 months must have searched since being separated from that job.

[3] Includes persons who believed that no work was available, persons who could not find work, persons who lacked necessary schooling or training, and persons who believed that potential employers think they are too young or too old, or who believed that they were being discriminated against for other reasons.

Table 9. Unemployment rates, by Census Bureau region and division, quarterly averages, seasonally adjusted, 1995–96

Region and division	Fourth quarter 1995	1996 First quarter	1996 Second quarter	1996 Third quarter	1996 Fourth quarter	Change, fourth quarter 1995 to fourth quarter 1996
Northeast	5.8	5.9	5.7	5.4	5.5	–0.3
New England	4.9	5.0	4.9	4.5	4.7	–.2
Middle Atlantic	6.2	6.2	6.0	5.7	5.8	–.4
South	5.5	5.4	5.3	5.1	5.3	–.2
South Atlantic	5.3	5.0	5.0	4.9	4.9	–.4
East South Central	5.5	5.4	5.3	4.9	6.1	.6
West South Central	6.0	5.8	5.7	5.5	5.4	–.6
Midwest	4.6	4.5	4.5	4.5	4.5	–.1
East North Central	5.0	4.8	4.7	4.7	4.7	–.3
West North Central	3.7	3.9	4.0	4.1	4.1	.4
West	6.7	6.7	6.5	6.4	6.3	–.4
Mountain	4.8	5.0	5.1	5.4	5.0	.2
Pacific	7.5	7.3	7.0	6.7	6.9	–.6

Table 10. Median usual weekly earnings of full-time wage and salary workers, by sex and occupation, annual averages, 1995–96

Sex and occupation	In current dollars 1995	In current dollars 1996	In constant (1982) dollars[1] 1995	In constant (1982) dollars[1] 1996
Total	$479	$490	$303	$302
Men	538	557	341	343
Women	406	418	257	257
Women's earnings as a percent of men's	75.5	75.0	75.4	74.9
Executive, administrative, and managerial	684	699	433	430
Professional specialty	718	730	455	449
Technicians and related support	558	573	353	352
Sales occupations	454	474	288	292
Administrative support, including clerical	399	405	253	249
Service occupations	299	305	189	188
Precision production, craft, and repair	519	540	329	332
Operators, fabricators, and laborers	380	391	241	240
Farming, forestry, and fishing	287	294	182	181

[1] Deflated by the Consumer Price Index for All Urban Consumers (CPI–U.)

On the other hand, three of the smaller divisions—the Mountain, East South Central, and West North Central—registered increases. Unemployment rates at the division level ranged from 4.1 percent in the West North Central to 6.9 percent in the Pacific, the smallest range in 5 years. Many States enjoyed their lowest rates in 18 years during 1996.[21] (See table 9.)

Earnings

Payroll survey: hours and earnings. Before adjustment for inflation, the hourly pay of a nonfarm production or nonsupervisory worker in private industry went up by 40 cents, to $11.98 per hour, from the last quarter of 1995 to the last quarter of 1996. The average weekly hours of that worker were almost unchanged at 34.6 hours (up 0.2 hour). As a result, average weekly earnings before inflation increased by $15.53 (3.9 percent), to $414.00.

After inflation, average hourly earnings of nonfarm prodction or nonsupervisory workers in private industry increased by 1 cent, to $7.44, both figures in 1982 dollars.[22] Average weekly earnings of those workers, adjusted for inflation, rose $1.60 (0.6 percent) in 1982 dollars. In dollars of approximately *current* (fourth quarter 1996) spending power, after the rise in weekly earnings is reduced by inflation, the average employee effectively gained $2.95 per week. The nearly unchanged workweek, in combination with the increase in total employment, resulted in a 2.8-percent increase in aggregate weekly hours from late 1995 to late 1996, representing 79 million more hours of work per week in the private nonfarm sector.

Household survey: weekly earnings. Median weekly earnings of full-time wage and salary workers rose by 2.3 percent over the year, to $490. (See table 10.) Inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U, 1982 base), increased by 3.0 percent over the same period. Women's median earnings as a percentage of men's edged down from 75.5 percent to 75.0 percent, as men's median earnings increased at a somewhat faster pace. During the early 1990s, and for several decades prior to that, the ratio of women's to men's earnings had steadily increased.

IN 1996, THE U.S. ECONOMY was strong enough to support the net addition of 2.6 million jobs despite employment losses in nondurable goods manufacturing, in public utilities, and in the Federal Government and reduced growth in several other industries. Help supply agencies, computer services, health services, local public schools, and construction were among the big gainers. In addition, job growth in construction, aircraft, and other industries increased over the previous year's gain. The rate of growth in nonfarm jobs was 2.1 percent, slightly above that of 1995 and about the same as the average for the postrecession years of the nineties. A slow decline in unemployment coincided with the employment growth as the jobless rate slid downward over the year from 5.6 percent to 5.3 percent. □

Footnotes

[1] Historical rates provided by Freddie Mac Media Relations.

[2] The Consumer Price Index for All Urban Consumers (CPI-U) is used throughout this article, except for the section on hours and earnings, in which the Consumer Price Index for All Urban Wage Earners and Clerical Workers (CPI-W) is used. The annual changes are fourth-quarter to fourth-quarter comparisons.

[3] The CES survey, conducted by the State employment security agencies in collaboration with the Bureau of Labor Statistics, collects information on payroll employment, hours, and earnings from about 390,000 nonfarm business establishments. The CPS, a nationwide sample survey conducted for the Bureau of Labor Statistics by the Bureau of the Census, provides information about the demographic characteristics and employment status of the civilian noninstitutional population aged 16 and over. In January 1996, the CPS sample was reduced from about 56,000 to approximately 50,000 households. Employment and unemployment data used in this article are quarterly averages, unless otherwise stated.

[4] The private-sector industry groups are designated by two-digit Standard Industrial Classification codes from the *Standard Industrial Classification Manual* (Executive Office of the President, Office of Management and Budget, 1987). In the public sector, industry groups are defined here as Federal Government, State government education, other State government agencies, local government education, and other local government agencies.

[5] See David Nather, "Medicaid spending growth drops to 3.3 percent; state officials doubt relief will last," *BNA's Health Care Policy*, Nov. 4, 1996, p. 1735. The 3.3-percent increase before inflation was only slightly greater than the 3.2-percent increase in the CPI for medical care.

[6] Calculated from figures in Kevin E. Deardorff, Frederick W. Hollmann, and Patricia Montgomery, *U.S. Population Estimates by Age, Sex, Race, and Hispanic Origin: 1990 to 1995* (Bureau of the Census, Feb. 14, 1996), p. 12 and appendix A.

[7] Figure taken from various Census Bureau press releases on the value of construction put in place.

[8] Enrollment figures are from the U.S. Department of Education.

[9] Jayetta Z. Hecker, "Textile Trade—Operations of the Committee for the Implementation of Textile Agreements," *GAO Reports*, Sept. 30, 1996.

[10] Interview with Rick Schadelbauer of the Edison Electric Institute, Oct. 24, 1996.

[11] Stanley Ziemba, "Airline spending sending U.S. fleet's age into dive," *The Chicago Tribune*, Sept. 15, 1996, business section, pp. 1 *ff*.; see also Sean Griffin, "Boeing poised to double production of 737 jetliners to meet sales crush," *The News Tribune*, Oct. 4, 1996, pp. B5 *ff.*

[12] Enrollment figures are from the U.S. Department of Education.

[13] Robert B. Aronson, "A bright horizon for machine tool technology: Part 2," *Manufacturing Engineering*, March 1996, pp. 57–70.

[14] The official ending dates for the last two major recessions, as determined by the National Bureau of Economic Research, were November 1982 and March 1991. Data used for the analysis presented in this section are seasonally adjusted monthly data.

[15] See Jennifer M. Gardner, "The 1990–91 recession: how bad was the labor market?" *Monthly Labor Review*, June 1994, pp. 3–11.

[16] Multiple jobholders are defined as persons who, during the survey reference week, held two or more jobs as wage and salary workers, were self-employed and also held a wage and salary job, or worked as an unpaid family worker and also held a wage and salary job. *Full-time* jobs are those in which persons usually work 35 hours or more per week. *Part-time* jobs are those in which persons usually work 1 to 34 hours per week. For more information on multiple jobholding, see John F. Stinson, Jr., "New data on multiple jobholding available from CPI," and Thomas Amirault, "Multiple jobholders," *Monthly Labor Review*, forthcoming, March 1997.

[17] For a more detailed explanation of the nature of job growth, see Randy E. Ilg, "The nature of employment growth, 1989–95," *Monthly Labor Review*, June 1996, pp. 29–36.

[18] See "Long-term unemployment remains high during recovery," *Issues in Labor Statistics*, Summary 95-11 (Bureau of Labor Statistics, September 1995). See also Randy E. Ilg, "Long-term unemployment in recent recessions," *Monthly Labor Review*, June 1994, pp. 12–15; and Gardner, "The 1990–91 recession."

[19] For additional information, see John E. Bregger and Steven E. Haugen, "BLS introduces new range of alternative unemployment measures," *Monthly Labor Review*, October 1995, pp. 19–26. Two of the alternative measures, U–1 and U–2, are excluded from our analysis because they focus on duration of unemployment and are reasons for unemployment that have just been discussed.

[20] Regions, divisions, and the States they comprise (including the District of Columbia) are as follows: NORTHEAST: *New England division:* Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont; *Middle Atlantic division:* New Jersey, New York, Pennsylvania; SOUTH: *South Atlantic division:* Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia; *East South Central division:* Alabama, Kentucky, Mississippi, Tennessee; *West South Central division:* Arkansas, Louisiana, Oklahoma, Texas; MIDWEST: *East North Central division:* Illinois, Indiana, Michigan, Ohio, Wisconsin; *West North Central division:* Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota; WEST: *Mountain division:* Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming; *Pacific division:* Alaska, California, Hawaii, Oregon, Washington.

The total of regional employment estimates may not equal estimated U.S. employment, because the regional estimates represent the sum of State employment estimates, which are developed by each State employment security agency, while the national employment estimate is produced separately by the Bureau of Labor Statistics.

[21] The series of monthly statewide employment and unemployment figures begins in 1978.

[22] The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is used to adjust the earnings of private production and nonsupervisory workers for inflation. The CPI-W was selected because its coverage approximates the category of production or nonsupervisory workers, whose earnings are estimated in the CES program.