

Unemployment continued to rise in 1982 as recession deepened

By yearend, the overall unemployment rate had reached a double-digit level; all sectors and all worker groups were affected, with men age 20 and over the hardest hit

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The economy entered 1982 in a severe recession and labor market conditions deteriorated throughout the year. The unemployment rate, already high by historical standards at the onset of the recession in mid-1981, reached 10.8 percent at the end of 1982, higher than at any time in post-World War II history.

The current recession followed on the heels of the brief 1980 recession, from which several key goods industries had experienced only limited recovery. Housing, automobiles, and steel, plus many of the industries that supply these basic industries, were in a prolonged downturn spanning 3 years or more, and bore the brunt of the 1981–82 job cutbacks.

Unemployment rose throughout 1982 and, by September, the overall rate had reached double digits for the first time since 1941. A total of 12 million persons were jobless by yearend—an increase of 4.2 million persons since the prerecession low of July 1981.¹ Unemployment rates for every major worker group reached postwar highs, with men age 20 and over particularly hard hit.²

Chart 1 shows the increase in the unemployment rate from peak to trough of the business cycle of all eight postwar recessions.³ The severity of each recession is measured by the actual magnitude at the recession

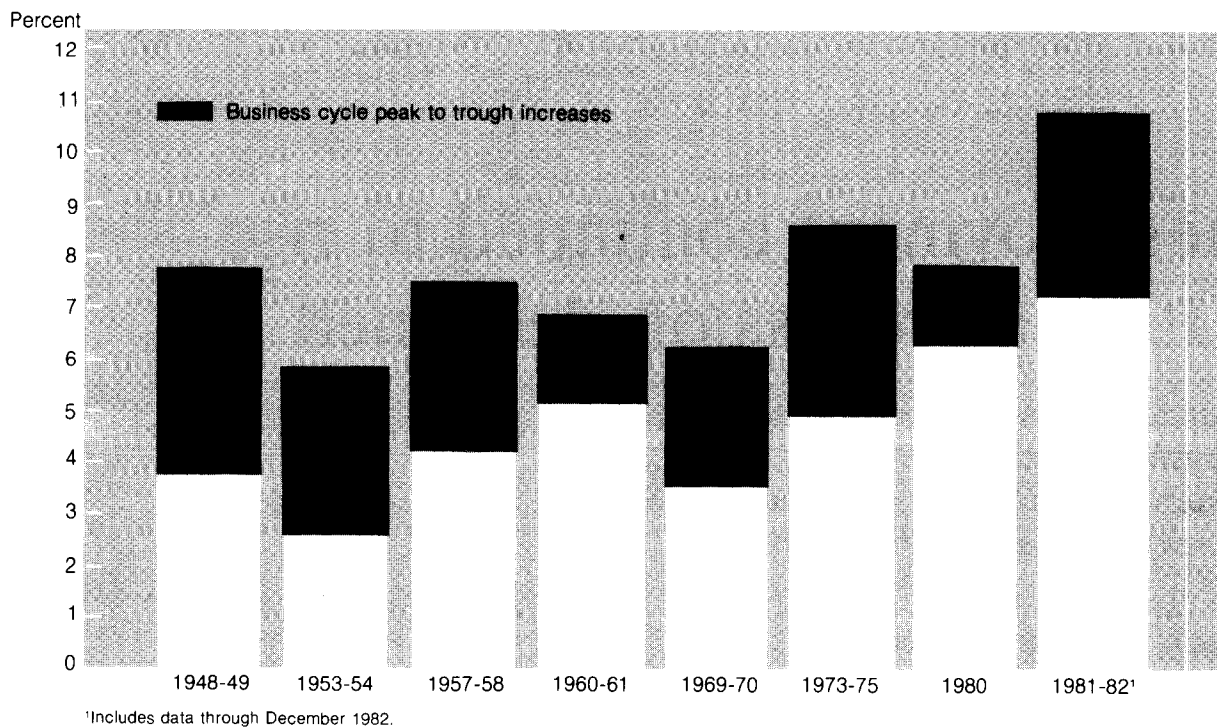
trough and the extent of the change from peak to trough. The current recession is similar to the 1973–75 recession in terms of length and severity. The 3.6-percentage-point increase in the jobless rate was considerably above the 2.9 average for all previous recessions, but is about the same as the rise of 3.8 points in 1973–75, when the recession lasted 16 months. However, because the current cycle began with the highest unemployment rate for any business cycle peak, the subsequent increase easily pushed it higher than that of any other recession.

The chart also illustrates an uptrend in the unemployment rate since 1969. Numerous factors—including changes in the demographic composition of the labor force, and in unemployment insurance and welfare laws—have been suggested as partly responsible for this trend.⁴ But the biggest contributor has been the poor performance of the economy in recent years. For example, since 1969, recoveries have generally been weaker and shorter in duration than their predecessors. Indeed, the recovery from the 1980 recession lasted only 12 months and reduced the overall unemployment rate by only 0.6 percentage point, compared with an average decline of 2.7 points in all previous recoveries.

Some analysts have pointed to the weakness of the 1980–81 recovery as evidence that there was really only one long recession spanning from the beginning of 1980 to the present.⁵ Such a view is not inconsistent with the general upward movement of the overall unemployment rate during this period. The 7.4-percent unemployment

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Chart 1. Unemployment rates during the eight postwar recessions (seasonally adjusted)



rate that prevailed in the first 3 quarters of 1981 was only two-tenths below the high reached in the third quarter of 1980. Some worker groups—particularly blacks and teenagers—experienced no significant decline in their jobless rate over the late 1980-early 1981 recovery period.

Most industries cut jobs

The pattern of job losses during 1982 was an extension of the deterioration that characterized the Nation's economy in late 1981. In the first quarter of 1982, non-farm payroll employment (as measured by the Bureau of Labor Statistics' survey of establishments) declined more than half a million. The rate of decline moderated slightly in the second quarter, followed by a sharp decline in the job count in the third quarter. (See table 1.) This stemmed partly from the fact that some companies stepped up production to meet the boost in consumer spending that was expected with the midyear tax cut, and when spending did not rise as expected, production cutbacks and additional layoffs occurred. Declines continued into the fourth quarter, and by December, the number of payroll jobs lost since the onset of the recession had reached 2.9 million, exceeding the postwar record drop of 2.3 million during the severe 1973-75 recession.

Virtually all sectors of the economy were affected adversely by the economic contraction, including the generally more stable services sector. The widespread nature of the 1982 job curtailments was clearly evident in the BLS diffusion index of private nonagricultural payroll employment.⁶ In the fourth quarter, only 24 percent of the 186 industries included in the index reported job gains.

Goods-producing industries. Although the impact of the downturn was pervasive, the sharpest job cutbacks took place in the goods-producing sector. While this sector represented less than 30 percent of total nonfarm payroll employment, it accounted for 9 of every 10 jobs lost during 1982.

After 8 years of almost continuous employment growth, the mining industry suffered sizable declines in 1982. The number of mining jobs dropped more than 150,000 from its fourth-quarter 1981 level. The reduction stemmed largely from cutbacks in oil and gas extraction as improvements in energy efficiency, the global recession, and high prices reduced demand for oil and natural gas. Mortgage rates remained high throughout most of the year, and the resulting contraction in residential construction activity coupled with the impact of the recessionary environment on nonresidential con-

struction demand gave rise to a 225,000 decline in construction employment in 1982, following a 160,000 decline in the last 2 quarters of 1981.

Even with severe job curtailments in construction and mining, three-fourths of the employment declines in the goods sector occurred in manufacturing, as every major manufacturing industry registered some decrease in 1982. It should be emphasized that many of the Nation's basic manufacturing industries were confronted with serious structural problems prior to the onset of the economic downturn in 1980—particularly autos, steel, machinery, and textiles. Deficiencies in investment emphasized the need to modernize plants in some industries, but the persistently high interest rates and sluggish demand of the last 3 years exacerbated the problems of these sagging industries.

The largest job reductions within manufacturing during 1982 occurred in the major metals and nonelectrical machinery industries, reflecting the slump in the auto industry, mounting import competition, and a retrenchment in capital spending plans. Employment declines in primary and fabricated metals totaled 260,000 and

180,000, respectively, between the fourth quarters of 1981 and 1982. The nonelectrical machinery industry underwent an even more precipitous decline, falling nearly 400,000 by yearend. Together, these three industries accounted for more than three-fifths of the durable goods cutbacks in 1982.

As indicated above, significant employment declines in the automotive industry had already taken place before 1982.⁷ These continued and were joined by job curtailments in aircraft, shipbuilding, and railroad equipment. As a consequence employment declines in overall transportation equipment totaled almost 180,000 from its fourth-quarter 1981 level to its lowest level since 1962.

The recession took its toll on the electric and electronic equipment industry, as cutbacks totaled more than 100,000. Other durable goods industries which are closely tied to the construction industry were hard hit by the more than 3-year deterioration in the housing market. Lumber and wood products; stone, clay and glass; and furniture and fixtures all had sharp employment declines in 1982.

Table 1. Employees on nonagricultural payrolls, by industry division and major manufacturing group, seasonally adjusted quarterly averages, 1981-82

[In thousands]

Industry division and group	1981				1982			
	I	II	III	IV	I	II	III	IV ^a
Total	90,945	91,172	91,360	90,954	90,408	90,029	89,371	88,687
Goods-producing	25,559	25,577	25,646	25,159	24,588	24,179	23,676	23,103
Mining	1,113	1,033	1,179	1,201	1,200	1,153	1,087	1,048
Construction	4,274	4,230	4,148	4,066	3,958	3,955	3,903	3,841
Manufacturing	20,172	20,314	20,319	19,892	19,430	19,071	18,686	18,214
Durable goods	12,120	12,228	12,226	11,895	11,562	11,303	11,009	10,585
Lumber and wood products	685	690	672	629	608	616	615	617
Furniture and fixtures	461	472	475	463	449	443	440	434
Stone, clay, and glass products	646	645	642	620	594	583	575	558
Primary metal industries	1,136	1,138	1,130	1,080	1,023	949	887	817
Fabricated metal products	1,596	1,611	1,610	1,553	1,505	1,468	1,429	1,371
Machinery, except electrical	2,481	2,504	2,533	2,510	2,441	2,363	2,237	2,115
Electric and electronic equipment	2,080	2,100	2,114	2,076	2,047	2,031	2,008	1,957
Transportation equipment	1,906	1,933	1,903	1,827	1,776	1,749	1,729	1,652
Instruments and related products	721	725	733	728	718	711	704	689
Miscellaneous manufacturing industries	408	410	415	411	400	390	385	375
Nondurable goods	8,052	8,086	8,093	7,997	7,868	7,768	7,677	7,629
Food and kindred products	1,688	1,683	1,665	1,662	1,659	1,644	1,633	1,639
Tobacco manufactures	70	71	70	69	68	67	64	62
Textile mill products	827	829	830	804	772	758	738	727
Apparel and other textile products	1,241	1,248	1,254	1,233	1,196	1,164	1,138	1,135
Paper and allied products	689	690	692	681	671	661	656	651
Printing and publishing	1,255	1,262	1,271	1,276	1,276	1,272	1,268	1,266
Chemicals and allied products	1,108	1,109	1,109	1,103	1,092	1,078	1,068	1,058
Petroleum and coal products	215	217	216	215	208	206	206	207
Rubber and miscellaneous plastic products	727	743	749	725	708	706	698	680
Leather and leather products	232	234	236	229	217	212	208	204
Service-producing	65,386	65,595	65,714	65,795	65,819	65,850	65,696	65,584
Transportation and public utilities	5,146	5,161	5,172	5,147	5,113	5,091	5,033	4,993
Wholesale and retail trade	20,413	20,547	20,643	20,600	20,652	20,610	20,552	20,376
Wholesale trade	5,327	5,359	5,382	5,371	5,342	5,320	5,283	5,229
Retail trade	15,087	15,188	15,262	15,230	15,310	15,290	15,269	15,147
Finance, insurance, and real estate	5,262	5,294	5,319	5,327	5,329	5,343	5,362	5,365
Services	18,383	18,518	18,659	18,807	18,867	18,960	19,058	19,114
Government	16,183	16,075	15,921	15,914	15,858	15,846	15,690	15,736
Federal	2,789	2,776	2,769	2,754	2,738	2,732	2,737	2,726
State	13,394	13,300	13,151	13,160	13,120	13,113	12,953	13,010

^ap=preliminary.

The nondurable goods sector also suffered steep cut-backs during the year, losing more than 365,000 jobs. A positive note in this sector was that the magnitude of the declines lessened in each successive quarter of 1982. Although all of the nondurable industry groups experienced job declines, the largest number of losses was in apparel. Textiles and rubber and plastic products also were hard hit, as the pervasive weakness in the auto industry was reflected in these supplier industries. The number of jobs in textiles and apparel has trended downward for years, primarily because of stiff competition from foreign imports, but 1982 job losses were exacerbated by the general economic contraction.

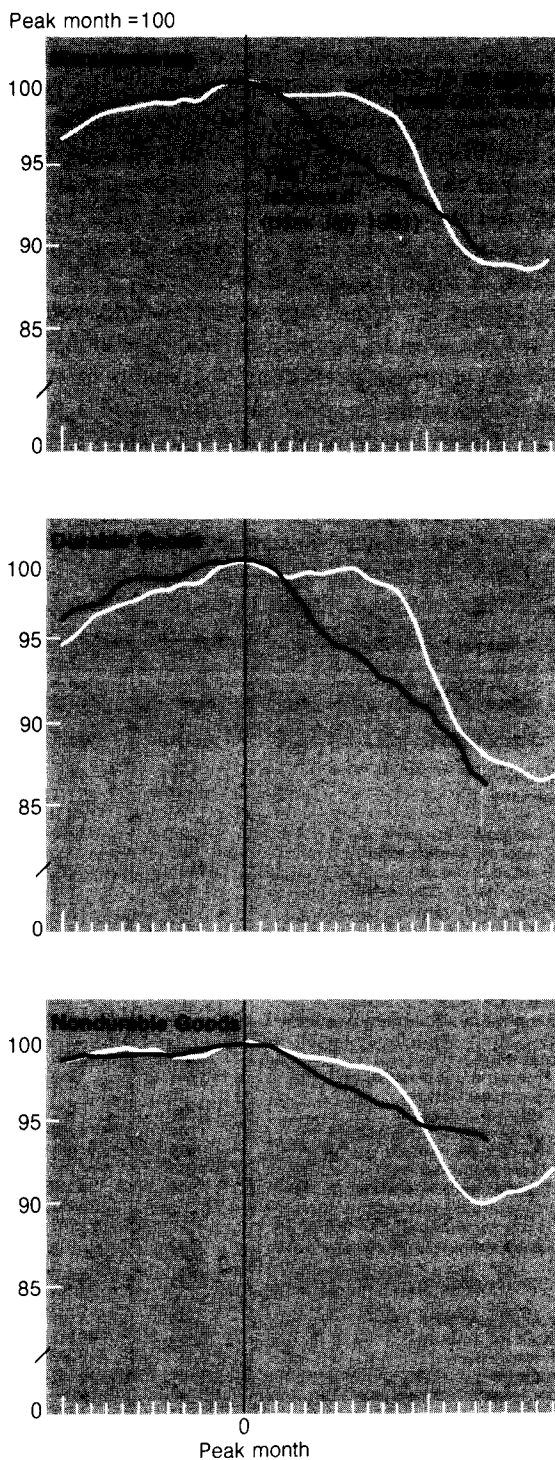
The 1973-75 recession is generally regarded as the most severe of prior postwar recessions and, as such, provides a useful benchmark for assessing the magnitude of the current downturn in manufacturing. Chart 2 depicts the relative employment changes in total manufacturing, durable goods, and nondurable goods manufacturing by indexing the respective series to its peak level during each recession. To provide a broader perspective, each plot begins 1 year prior to the peak of the employment series.

By November 1982, the 1981-82 relative employment decline in manufacturing was not as great as that for 1973-75 at the same number of months (16) from the peak; however, employment had dropped much more rapidly than it did in 1973-75, and if the decline continues into 1983, it will exceed the relative decline experienced in 1973-75. For durable goods, however, employment not only had fallen much more rapidly in 1981-82 than in the 1973-75 downturn, but also had already experienced a greater relative decline. Employment in the nondurable goods sector, while declining steeper in the first 12 months of the current recession than in 1973-75, actually fared better in the next 4 months of the cycle as the rate of decline slowed.

Table 2 shows the manufacturing industry employment declines in the current recession and in 1973-75, revealing the varied impact of the two recessions. It also shows the relative decline over the 1979-82 period, demonstrating the point made earlier that several industries never fully recovered from the brief but sharp 1980 recession before plunging further in the current downturn.

Employment in six industries (primary metals, fabricated metal products, nonelectrical machinery, transportation equipment, tobacco, and petroleum and coal products), while still falling at the end of 1982, had already dropped by an equal or greater percentage than during the 1973-75 period. Because only a few industries had recovered sufficiently from the 1980 recession to surpass their prior employment peaks, the 1980 and 1981-82 recessions together constituted a deep and prolonged deterioration that has extended for more

Chart 2. Relative changes in manufacturing employment during 1973-75 and 1981-82 recessions
(Seasonally adjusted data)



NOTE: Data for October and November 1982 are preliminary.

than 3 years for all but three manufacturing industries. Moreover, two key industries, primary metals and transportation equipment, when viewed over the longer period (1979–82), show employment declines about twice those of the 1973–75 downturn. Some industries, such as food, textiles, apparel, and leather, have been trending downward for many years and may not have returned to their 1979 levels during the 1980–81 recovery.

These job cutbacks, of course, resulted in large increases in unemployment rates in the goods-producing industries. The residential construction and auto manufacturing industries historically have been key indicators of the health of the economy, and their jobless rates of more than 20 percent signaled economic weakness in 1982. The unemployment rate for construction workers had risen steadily since late 1980, and was 22 percent by the end of 1982, while the rate for auto workers, which had been as low as 3.8 percent in early 1978, ended the year at 24 percent.

Job curtailments in both the automobile manufacturing and housing construction industries brought about job cutbacks and higher unemployment rates in a host of supplier industries. Clearly, these supplier industries have been hard hit. Jobless rates among workers in the primary metals industry rose the most, posting a more than fourfold increase since late 1979. The following tabulation shows fourth-quarter seasonally adjusted unemployment rates in selected manufacturing industries that are closely tied to the construction and automobile manufacturing industries:

	1979	1980	1981	1982
Housing-related:				
Lumber and wood products	7.0	12.1	18.6	18.7
Stone, clay, and glass	6.1	10.1	9.8	15.8
Furniture and fixtures	4.2	9.5	11.3	16.1
Auto-related:				
Primary metals	5.3	8.9	11.3	26.0
Fabricated metals	6.4	10.5	12.1	18.4
Rubber and plastics	8.5	10.5	11.1	14.5

Service-producing industries. Underscoring the widespread impact of the current economic downturn, the service-producing sector, although not as severely affected as the goods sector, declined somewhat during 1982. While this sector had shown some strength earlier in the recession, employment declined by nearly 400,000 from May to yearend.

Only two major industry groups managed job gains for the year—the services industry and finance, insurance, and real estate—but at a much reduced pace than in more normal times. The number of jobs in services—which includes activities ranging from lodging and recreation to medical, legal, educational, business, repair, and personal services—increased by 300,000 between

Table 2. Employment declines in manufacturing industries, selected periods, 1973–82

Industry	Percent decline ¹		
	1973–75	1981–82	1979–82
Durable goods:			
Lumber and wood products	22.7	12.5	21.6
Furniture and fixtures	21.3	9.0	14.1
Stone, clay, and glass products	15.3	14.7	22.8
Primary metal industries	15.5	29.4	36.8
Fabricated metal products	15.2	15.6	21.3
Machinery, except electrical	10.3	17.5	17.6
Electric and electronic equipment	17.9	8.4	9.8
Transportation equipment	13.2	15.7	23.0
Instruments and related products	9.8	6.7	6.7
Miscellaneous manufacturing	13.7	11.0	17.1
Nondurable goods:			
Food and kindred products	5.2	3.5	6.3
Tobacco manufactures	7.6	14.1	15.3
Textile mill products	19.3	13.8	19.7
Apparel and other textile products	18.1	10.3	16.0
Paper and allied products	12.4	6.5	8.6
Printing and publishing	3.9	1.0	1.0
Chemicals and allied products	6.3	5.0	5.6
Petroleum and coal products	5.1	5.1	5.1
Rubber and misc. plastic products	16.7	10.0	15.2
Leather and leather products	17.8	15.1	19.8

¹ The months in which the high and the low occurred in each industry varied considerably and are available upon request from the Bureau.

the fourth quarters of 1981 and 1982. Finance, insurance, and real estate were up 35,000 over the same period. Sharp declines occurred in transportation and public utilities, where job losses totaled more than 150,000 in 1982. Most of the cutbacks were in transportation where employment turned downward in the second half of 1981, paralleling the slowdown in the goods sector. Jobs in wholesale and retail trade decreased by 225,000 during 1982, with most of the cutbacks in the fourth quarter.

Employment in the public sector failed to provide the stability it has historically shown during periods of economic downturn. Government employment dropped by more than 175,000 in 1982, continuing the declines that began in mid-1980. The decrease was primarily in State and local government, stemming largely from severe budgetary problems and smaller school enrollments.

Unemployment widespread

Age and sex. Unemployment developments in 1982 differed widely by age and sex, with adult men (those age 20 and over) being hardest hit. (See table 3.) The substantial increase in joblessness for men pushed their rate above that for women for all of 1982. Since July 1981, the rate for men rose almost 4.5 percentage points to 10.1 percent in December, while the rate for women went up about 2.5 points to 9.2 percent. This contrasts sharply with the 1973–75 recession, when increases were about the same for men and women (4.4 and 4.0 points) and the rate for men remained well below that for women, reaching a high of 7.3 percent, compared to 8.5 percent for women.

The employment situation for teenagers continued to worsen in 1982; their unemployment rate has shown a step-like pattern of deterioration since mid-1979. The teenage jobless rate leveled off in the final months of 1982, but was still a record 24.5 percent in December, more than 3 points above the rate reached during the 1973-75 recession.

The disproportionate impact of the recession on adult males is clearly illustrated below. The following tabulation provides the seasonally adjusted quarterly unemployment rates for men and women by age since the onset of the current downturn:

Age	1981		1982	
	III quarter		IV quarter	
	Men	Women	Men	Women
All workers, age 16 and over	7.1	7.9	11.1	10.1
Teenagers	19.5	18.7	25.7	22.7
Adults, age 20 and over	6.1	6.8	10.0	9.0
Age 20-24	12.6	11.3	17.7	14.1
Age 25-54	5.3	6.2	9.2	8.5
Age 55 and over	3.5	3.9	6.2	4.9

About 70 percent of the increase in unemployment between the third quarter of 1981 and the fourth quarter of 1982 occurred among men, with all age groups registering sharp increases. In fact, by the end of 1982, the rates for men had surpassed those for women of corresponding age groups by a substantial margin.

Occupations. Much of the greater impact of the economic decline on men can be attributed to their concentration in the more cyclical blue-collar occupations: men accounted for 81 percent of employment in these occupations, compared with only 46 percent of white-collar jobs. Unemployment among blue-collar workers increased 6.3 points, to 16.1 percent, between the third quarter of 1981 and the fourth quarter of 1982. (See table 3.) The increase was sharpest for factory operatives, whose 20.7-percent rate in the fourth quarter was up almost 10 points. In contrast, the rise for white-collar workers was only about 1.5 percentage points, reaching a high of 5.4 percent in the fourth quarter of 1982. Service workers unemployment rose moderately in 1982, finishing the year at 11.4 percent.

For all major occupations, increases in the unemployment rates between 1981 and 1982 were greater in the goods-producing sector than in service-producing. Overall joblessness in the goods sector increased about 4 points to 13.4 percent, compared with a rise of about 1 point in the services sector to 7.4 percent.⁸ (See table 4.)

The comparison of male and female unemployment rates by occupational groups within the goods- and service-producing sectors was particularly noteworthy. The overall unemployment rate was higher for men than for

women in 1982. But, the reverse was true when the major groups within each sector were examined: while the year-to-year increase in joblessness was greater for men than for women, the industry/occupational jobless rates for women were still generally higher. This means that the lower overall rate for women is explained by their greater concentration in the service-producing sector, which, on average, has a much lower jobless rate than the goods sector; nearly 80 percent of all women are employed in the service sector.

Family and household relationship. During 1982, an average of 8.0 million families had at least one member unemployed. This represents 13 percent of all families, up from about 10.5 percent in 1981. There was a corresponding decline (from 63.5 to 59.5 percent) in the proportion of families experiencing unemployment that still had at least one member working full time.

In families where the husband was unemployed in 1982, only 40 percent had at least one member working full time, compared with 71 percent when the wife was unemployed. Only 10 percent of families maintained by

Table 3. Unemployment rates by selected demographic characteristic and occupation, seasonally adjusted quarterly averages, 1981-82

Item	1981				1982			
	I	II	III	IV	I	II	III	IV
Characteristic								
Total (all civilian workers)	7.4	7.4	7.4	8.3	8.8	9.4	10.0	10.7
Men, 20 years and over	6.1	6.0	6.1	7.1	7.8	8.4	9.1	10.0
Women, 20 years and over	6.6	6.6	6.8	7.2	7.6	8.2	8.4	9.0
Teenagers, 16-19 years	19.1	19.1	19.1	21.2	21.9	22.7	23.9	24.3
White	6.5	6.5	6.4	7.3	7.7	8.3	8.8	9.5
Black	14.7	15.1	15.8	16.9	17.4	18.6	19.3	20.4
Hispanic	11.0	9.8	9.8	11.1	12.4	13.3	14.4	15.2
Married men, spouse present	4.2	4.0	4.1	5.1	5.4	6.2	6.9	7.6
Married women, spouse present	5.9	5.7	5.8	6.4	6.7	7.3	7.4	8.1
Women who maintain families	10.0	10.3	10.7	10.6	10.6	11.8	12.0	12.3
Full-time workers	7.1	7.0	7.1	8.0	8.6	9.3	9.8	10.6
Part-time workers	9.1	9.3	9.5	9.6	10.0	10.4	10.7	10.9
Occupation								
White-collar workers	3.9	3.9	4.1	4.3	4.5	4.8	4.9	5.4
Professional and technical	2.7	2.9	2.7	2.9	3.1	3.2	3.3	3.6
Managers and administrators, except farm	2.6	2.6	2.7	2.9	3.0	3.5	3.7	3.9
Salesworkers	4.2	4.3	4.9	4.9	5.1	5.5	5.5	6.2
Clerical workers	5.5	5.5	5.8	6.1	6.5	6.9	6.9	7.7
Blue-collar workers	10.1	9.8	9.8	11.7	12.7	13.7	14.8	16.1
Craft and kindred workers	7.1	7.1	7.1	8.5	8.9	9.8	11.0	11.6
Operatives, except transport	12.0	11.5	11.5	14.0	15.5	16.6	18.5	20.7
Transport equipment operatives	9.0	8.1	8.1	9.4	10.4	11.8	12.0	13.1
Nonfarm laborers	14.6	14.0	14.2	16.2	17.5	18.4	18.5	19.8
Service workers	8.5	8.8	8.6	9.5	9.8	10.6	10.6	11.4
Farm workers	5.1	5.0	4.8	6.1	5.8	6.9	6.2	7.2

Table 4. Unemployment rates by selected occupations in the goods- and service-producing sectors, 1981-82

Characteristic	1981				1982			
	Total	White-collar	Blue-collar	Service	Total	White-collar	Blue-collar	Service
Total	7.2	4.3	10.8	9.3	9.2	5.2	14.9	11.1
Men	7.2	3.0	10.2	9.6	9.8	4.1	14.4	11.7
Women	7.2	5.3	13.1	9.2	8.6	6.1	17.0	10.8
Goods-producing	9.4	3.7	11.9	10.7	13.5	5.2	17.3	15.6
Men	9.0	2.5	11.2	10.9	13.4	4.3	16.9	14.9
Women	10.5	5.6	14.0	11.8	13.8	6.8	18.8	19.8
Service-producing	6.2	4.4	9.0	9.3	7.4	5.2	10.9	10.9
Men	5.9	3.2	8.7	9.5	7.4	4.0	10.8	11.4
Women	6.4	5.2	10.6	9.1	7.4	6.0	11.9	10.7

an unemployed woman had a member employed full time.

Race-ethnic differences. The unemployment pattern among the major race-ethnic groups was similar to the overall pattern—minimal recovery from the 1980 recession and steadily increasing rates since mid-1981 to record highs in 1982. The recovery from the previous recession was weaker for blacks, and their unemployment rate began rising earlier than that for whites or Hispanics.

As a result, blacks have had record jobless rates virtually since the beginning of the recession, exceeding 20 percent during the last 3 months of 1982. The situation for black teenagers was especially severe, with an unemployment rate hovering around 50 percent during most of the year.

Jobless rates for whites and Hispanics also rose sharply in 1982. Since the third quarter of 1981, unemployment among white workers was up about 3 points to 9.3 percent by the fourth quarter of 1982, while the rate for Hispanics was up about 5.5 points to 15.2 percent.

Reasons for unemployment. One characteristic of all economic declines is the very pronounced increases in the number of persons losing jobs when firms cut back production and, thus, reduce their work forces through temporary or permanent layoffs. As a result, the job-loser share of total unemployment tends to increase markedly over the course of a recession. In contrast, employees are less likely to quit in search of other jobs, and inactive persons are less likely to enter the labor force during downturns, so the share of unemployment represented by job leavers and labor force entrants tends to decline.

The current recession has been marked by an unusually high proportion of job losers. (See table 5.) Their share of total unemployment remained at recession levels, that is, above 50 percent, after the first quarter of 1980. It began to rise steadily in mid-1981 and, by late 1982, had surpassed 60 percent for the first time since

the data were first collected in 1967. Perhaps of more significance, job losers overall have accounted for an extraordinarily high proportion of the increase in unemployment. There were 7.3 million job losers in the fourth quarter of 1982, an increase of 3.2 million since the third quarter of 1981. They accounted for about 85 percent of the total increase in unemployment, compared with only about 75 percent of the increase during the 1973-75 recession.

Duration of unemployment. Another important consideration in the evaluation of overall unemployment is the duration of joblessness. Short spells of unemployment are often considered to be the result of frictions in the labor market, as workers move from job to job and labor supply adjusts to changes in demand. The longer a period of unemployment, the greater the economic hardship that is normally associated with it.

Both measures of average duration—the mean and the median—generally reflect overall economic performance and move in the same direction as the unemployment rate, albeit with a lagged response at economic turning points. While duration declines during an economic expansion, it can also continue to decline at the beginning of a downturn as the newly unemployed enter the jobless stream. Thus, both measures of average duration declined in the fourth quarter of 1981 when unemployment rose sharply. (See table 5.) With worsening joblessness in 1982, both measures of duration rose as the proportion of those unemployed 15 weeks or longer increased substantially, from about 26 percent in the fourth quarter of 1981 to 37 percent at the end of 1982. In the peak jobless quarter of the 1973-75 recession, 32

Table 5. Unemployed persons by duration of and reasons for unemployment, seasonally adjusted quarterly averages, 1981-82

Characteristic	1981				1982			
	I	II	III	IV	I	II	III	IV
Duration (numbers in thousands)								
Less than 5 weeks	3,280	3,297	3,391	3,852	3,823	3,802	3,965	3,971
5 to 14 weeks	2,381	2,471	2,469	2,851	3,082	3,311	3,381	3,507
15 weeks and over	2,336	2,242	2,205	2,352	2,705	3,288	3,687	4,474
15 to 26 weeks	1,092	1,101	1,093	1,204	1,431	1,633	1,806	2,089
27 weeks and over	1,244	1,141	1,112	1,149	1,274	1,655	1,881	2,385
Average duration, in weeks	14.1	13.8	14.0	13.2	13.8	15.2	16.1	17.5
Median duration, in weeks	7.2	7.1	6.9	6.8	7.5	8.9	8.7	9.9
Reasons (percent distribution)								
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Job losers	50.5	50.5	51.6	53.6	56.2	58.0	59.2	61.5
On layoff	16.6	16.6	16.5	19.5	19.1	19.4	20.9	21.0
Other job losers	33.9	33.9	35.1	34.1	37.1	38.6	38.3	40.5
Job leavers	11.4	11.6	11.4	10.3	9.3	8.3	7.3	6.8
Reentrants	25.8	25.7	25.3	24.9	23.3	22.9	22.0	21.0
New entrants	12.3	12.2	11.7	11.2	11.2	10.8	11.5	10.7

Table 6. Discouraged workers, by selected characteristics, seasonally adjusted quarterly averages, 1981-82

[In thousands]

Characteristic	1981				1982			
	I	II	III	IV	I	II	III	IV
Total	1,094	1,042	1,108	1,191	1,331	1,487	1,638	1,849
Job market factors	825	725	812	890	1,045	1,082	1,222	1,391
Personal factors	269	317	296	301	286	405	416	458
Men	373	412	389	439	509	577	595	690
Women	722	630	718	751	822	911	1,043	1,159
White	750	705	747	800	875	995	1,072	1,247
Black and other	357	335	354	388	478	482	549	595

percent of the total were long-term jobless. By the fourth quarter of 1982, mean duration had reached 17.5 weeks, and the median duration, 9.9 weeks. Because of their lagging characteristic, both measures can be expected to continue rising into 1983, even if an improvement in the labor market begins soon.

Shortened workweeks and discouragement. Just as the health of the economy influences unemployment, it similarly influences the number of people who report that they want a job but are not looking for one because they believe no work is available—so-called “discouraged workers.” In addition, as the Nation enters a recession, employers frequently reduce hours where possible before laying off employees. Persons on such shortened workweeks are termed involuntary part-time workers. They, along with discouraged workers, are not reflected in the official count of unemployment, although information on both groups is important in achieving a full appreciation of the nature and magnitude of the underutilization of human resources.

Historically, the number of discouraged workers tends to move in tandem with overall unemployment.⁹ As a result of the general sluggishness of the economy during the last 3 years, the number of discouraged workers has risen almost continuously since mid-1979. The weak recovery of 1980-81 had almost no impact in reducing their numbers, and the current recession added 800,000 to their ranks. (See table 6.) There were 1.8 million discouraged workers in the final quarter of 1982, three-fourths of whom cited job market factors (as opposed to personal factors) as the reason for not looking for work.

Although the recession-induced rise in discouragement was pervasive, women and blacks (including other racial minorities) accounted for a disproportionate share of the increase. Their respective shares of the discouraged total were 63 and 32 percent in the fourth quarter of 1982; in contrast, they accounted for 43 and 13 percent of the working-age population.

The number of workers involuntarily on part-time schedules continued to increase throughout 1982 and,

by the fourth quarter, totaled about 6.7 million or 7.2 percent of the “at-work” population; both figures are the highest recorded since collection of the data began in 1955. Slack work, the most cyclical component of involuntary part-time work, accounted for more than half this total. The following tabulation shows the number of involuntary part-time workers and their percentage of the “at-work” population (seasonally adjusted quarterly averages):¹⁰

	Number (in thousands)	<i>Involuntary part time due to:</i>		
		All reasons	Slack work	Could find only part time
1981:				
I ..	4,579	4.8	2.5	2.0
II ..	4,435	4.7	2.3	2.0
III ..	4,746	5.0	2.5	2.1
IV ..	5,341	5.7	3.0	2.3
1982:				
I ..	5,646	6.0	3.1	2.5
II ..	6,009	6.4	3.4	2.6
III ..	6,334	6.7	3.6	2.8
IV ..	6,722	7.2	3.8	3.1

Besides a reduction in scheduled hours, the current high number of workers on shortened workweeks also reflects a growing tendency among employers to keep workers on short workweeks for longer periods.¹¹ At the other end of the spectrum, it is clear that there are a growing number of would-be full-time workers who must accept part-time jobs if they want to work at all.

Employment moves lower

Total employment, as measured by the household survey, dropped by more than 1.1 million between the second quarter of 1981 and first quarter of 1982. Declines leveled off in the spring and summer months, with the employment total actually rising a bit, but the moderate rebound was erased in the fourth quarter.¹² All three major age-sex groups registered declines, as total employment dropped more than 450,000 in the final quarter, to 99.1 million. (See table 7.)

The employment-population ratio provides an indication of the economy's ability to generate enough jobs for a growing population, as the ratio is affected by changes in both the number of jobholders and in the working-age population.¹³ (See chart 3.) At 56.5 percent in December, the overall ratio was at its lowest level in more than 5 years. The 2.0-percentage-point decline in the current economic contraction was similar to the drop during the 1973-75 recession. However, if the deterioration is measured from its high of 59.4 percent in late 1979, the decline in the employment-population ratio exceeded the mid-1970's experience.

Quarterly seasonally adjusted employment-population ratios for the major age-sex groups illustrate the heavy

Table 7. Employed persons by selected categories, seasonally adjusted quarterly averages, 1980-81

[In thousands]

Characteristic	1981				1982			
	I	II	III	IV	I	II	III	IV
Total, 16 years and over	100,204	100,789	100,520	100,087	99,660	99,720	99,605	99,135
Teenagers	7,476	7,347	7,180	6,905	6,733	6,619	6,445	6,394
Men, 20 years and over	53,478	53,760	53,739	53,351	53,085	53,052	52,838	52,591
Women, 20 years and over	39,250	39,682	39,601	39,831	39,842	40,048	40,322	40,150
White	88,455	89,021	88,889	88,471	88,064	88,150	87,957	87,452
Black	9,385	9,425	9,297	9,314	9,255	9,172	9,201	9,129
Hispanic origin	5,273	5,352	5,346	5,421	5,292	5,183	5,132	5,028

impact of the current recession on men. The teenage ratio also fell sharply during the year, in the face of employment cutbacks amounting to almost 800,000. Adult women were not as adversely affected by the slump in economic activity, because of their concentration in the service-producing sector. The following tabulation shows the employment-population ratios from the third quarter of 1981 through the fourth quarter of 1982:

	1981		1982			
	III	IV	I	II	III	IV
Total	58.2	57.8	57.4	57.2	57.0	56.6
Teenagers	43.6	42.2	41.5	41.1	40.3	40.3
Adult men	72.4	71.5	70.9	70.5	70.0	69.3
Adult women	48.4	48.5	48.3	48.3	48.5	48.1

The different employment pattern of men and women in 1982 was symptomatic of the pattern displayed by full-time and part-time workers. The number of persons at work on full-time schedules (35 hours or more per week) in nonagricultural industries declined by 3.1 million from the third-quarter 1981 level to 71.4 million in the fourth quarter of 1982. As employers cut back production, reduced hours, and laid off workers, the number of full-time workers declined throughout 1982, reaching its lowest level since 1978 by yearend. Changes in the number of nonagricultural workers voluntarily on part-time schedules are generally much more volatile than those for full-time workers. After declining steadily from the onset of the recession in mid-1981 through the first quarter of 1982, the number of voluntary part-timers rose in both the second and third quarter, largely accounting for the small midyear pickup in total employment. As with the total, the voluntary part-timers fell again in the fourth quarter, to 12.4 million.

Blacks and Hispanics suffered proportionally greater employment declines than whites in 1982. At 9.1 million in the fourth quarter, black employment was 185,000 below a year earlier, while losses among Hispanics numbered 400,000 for the year. Employment among white workers was off more than 1 million over the year.

Labor force expands

The civilian labor force grew about 1.9 million between the fourth quarters of 1981 and 1982, slightly more than in the previous 2 years, but considerably below the pace of the late 1970's. Whereas the two recessions obviously contributed to the slowdown, there has also been a reduction in the number of persons reaching labor force age, as the baby-boom generation, nearly all of which has moved into adulthood, has been followed by a baby-bust generation. Thus, the number of teenagers in the population has actually been declining since early 1978, and by 1982, had declined by 1.2 million. The teenage labor force was down 300,000 in 1982 from the fourth quarter of 1981, following a 500,000 drop in 1981. On the other hand, men and women each added about 1 million persons to the labor force in 1982; in 1981, the female labor force increase was twice that for men. (See table 8.)

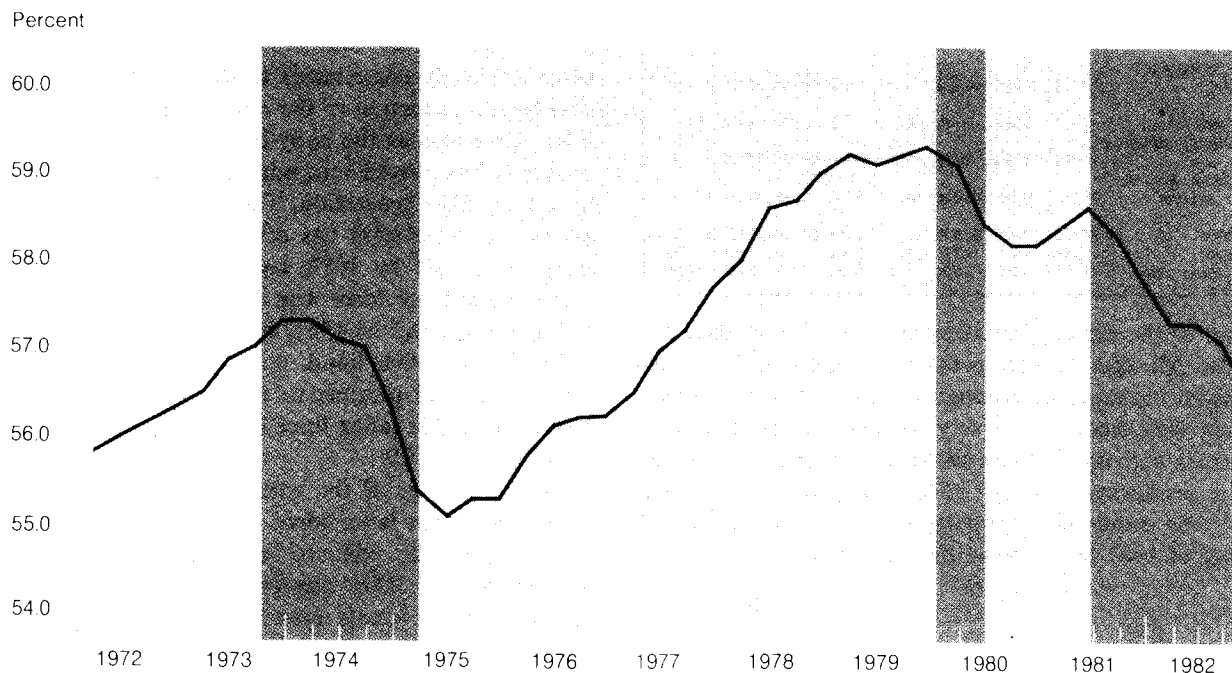
The percentage of the working-age population in the labor force—the labor force participation rate—was up slightly over the year, to 64.1 percent in the fourth quarter of 1982. This was solely the result of a continued increase in female labor force participation, which more than offset a decline in the teenage rate; male participation was unchanged. The decrease in teenage participation continued a trend which began in 1979.

The participation rate for adult males, which has been on a downtrend throughout the postwar years, showed a further drop at the beginning of 1982. However, male participation did increase somewhat in the second quarter, to 78.8 percent and held there the rest of the year. Female participation, at 52.9 percent in the fourth quarter of 1982, increased through most of the recession to maintain its upward secular pattern of the past several decades. There were 43.9 million women in the labor force in the final quarter, 40 percent of the total number of persons in the work force.

Table 8. Civilian labor force and participation rates, by major age-sex group, seasonally adjusted quarterly averages, 1981-82

[In thousands]

Characteristic	1981				1982			
	I	II	III	IV	I	II	III	IV
Civilian labor force, total	108,219	108,802	108,580	109,116	109,292	110,088	110,629	110,974
Men, 20 years and over	56,951	57,222	57,211	57,421	57,558	57,920	58,158	58,420
Women, 20 years and over	42,030	42,494	42,491	42,938	43,107	43,602	44,006	44,111
Teenagers	9,239	9,087	8,878	8,757	8,626	8,566	8,466	8,443
Participation rates, total	63.9	64.1	63.7	63.8	63.7	64.0	64.1	64.1
Men, 20 years and over	79.2	79.2	78.8	78.8	78.6	78.8	78.8	78.8
Women, 20 years and over	51.9	52.3	52.0	52.3	52.3	52.7	53.0	52.9
Teenagers	56.4	55.8	54.9	54.6	54.2	54.1	53.9	54.1

Chart 3. Employment-population ratio, seasonally adjusted quarterly averages, 1972-82

NOTE: Shaded areas denote a recession. Fourth quarter 1982 datum is an October-November average.

AT THE END OF 1982, industry job cutbacks in the current recession had exceeded those experienced in the severe 1973-75 recession, and unemployment was still rising. The prolonged slack in economic activity that began in 1980 had severely affected the labor market, grad-

ually spreading from a few major industries to virtually every industry and every worker group. By yearend, there were few signs that the labor market had begun to make the transition from recession to recovery. □

— FOOTNOTES —

¹ National Bureau of Economic Research business cycle peak.

² Data on labor force, total employment, and unemployment are derived from the Current Population Survey (CPS), a sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. Statistics on nonagricultural payroll employment and hours from the Current Employment Statistics Program (CES) are collected by State agencies from employer reports of payroll records and are tabulated by the Bureau of Labor Statistics. A description of the two surveys appears in the Bureau of Labor Statistics monthly publication, *Employment and Earnings*.

³ Peak-to-trough dates for the eight post-World War II recessions have been designated by the National Bureau of Economic Research as follows: November 1948 to October 1949, July 1953 to May 1954, August 1957 to April 1958, April 1960 to February 1961, December 1969 to November 1970, November 1973 to March 1975, January 1980 to July 1980, July 1981 to a trough not yet identified.

⁴ For more on this topic, see the series of articles in the March 1979 issue of the *Monthly Labor Review*, pp. 13-53.

⁵ See Stephen H. Wildstrom, "One Recession or Two," *Data Resources U.S. Review*, October 1982, pp. 1.12-1.14.

⁶ See John F. Early, "Introduction of Diffusion Indexes," *Employment and Earnings*, December 1974, pp. 7-11.

⁷ See Douglas R. Fox, "Motor Vehicles, Model Year 1982," *Survey of Current Business*, October 1982, pp. 20-24.

⁸ Annual averages were used as a basis for comparison when seasonally adjusted data were not available.

⁹ See Carol M. Ondeck, "Discouraged workers' link to jobless rate reaffirmed," *Monthly Labor Review*, October 1978, pp. 40-42.

¹⁰ The data were seasonally adjusted especially for this study. Included in the total, but not shown separately, are the small number of workers on shortened workweeks because of material shortages and those who began or ended a job during the survey week.

¹¹ See Robert W. Bednarzik, "Worksharing in the U.S.: its prevalence and duration," *Monthly Labor Review*, July 1980, pp. 3-12.

¹² The movements of total employment derived from the household survey and of nonfarm payroll jobs from the establishment survey were not always in tandem during the current recession, nor did the magnitude of change equate. Given the conceptual and sampling differences between the two surveys, this was not unusual, although the change over the full cycle as reflected in the two series differed somewhat more than in past recessions. For a discussion of the differences in the estimates of employment derived from these two surveys, see Gloria P. Green and John Stinson, Jr., "Comparison of Nonagricultural Employment Estimates from Two Surveys," *Employment and Earnings*, March 1982, pp. 9-12.

¹³ See Carol Boyd Leon, "The employment-population ratio: its value in labor force analysis," *Monthly Labor Review*, February 1981, pp. 36-45.