

Employment in the first half: robust recovery continues

Employment surpasses the levels posted before 1981–82 recession as rebound completes sixth quarter; June jobless rate of 7.1 percent is 3.6 points below recession high

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Employment grew throughout the first half of 1984, as a very strong cyclical recovery continued through its fifth and sixth quarters. Unemployment, after posting declines in January and February, was essentially unchanged through April before dropping sharply in May and June. In June, the overall unemployment rate (including the resident military in the labor force) was 7.0 percent, and the unemployment rate for civilian workers was 7.1 percent.

By June, total employment, as measured by the household survey,¹ and nonfarm payroll employment, as measured the establishment survey,² had surpassed the levels registered before the recession began in July 1981.³ The unemployment rates had returned to prerecession levels, having fallen 3.6 percentage points from their highest point.

This article will briefly describe seasonally adjusted labor force data for the first 6 months of 1984, examine the recovery in employment in comparison to earlier cycles, and discuss those industries where lingering problems of unemployment and slow recovery are concentrated.

Women lead in job gains

Total civilian employment grew strongly in the first quarter of the year gaining about one-and-a-quarter million. The

second quarter's gain was even stronger—nearly one-and-a-half-million. (See table 1.)

The job gains in the first half occurred disproportionately among women:

	<i>Percent of December employment</i>	<i>Percent of change December—June</i>
Total	100.0	100.0
Men	53.1	46.7
Women	40.7	46.4
Teenagers	6.3	6.8

This was in contrast to the first year of recovery, when men accounted for 55 percent of the employment growth. The proportion of men with jobs (the employment-population ratio) rose about one-and-a-half points to 72.5 percent during the first year of recovery and increased an additional full percentage point in the next 6 months. Women had a somewhat smaller increase in their employment-population ratio in 1983, but in the first half of 1984 their ratio rose by more than a full percentage point to 50.5 percent.

Employment among blacks grew nearly three times as quickly as among whites during the first half of the year—6.1 versus 2.1 percent—but the employment-population ratio for black workers, 52.6 percent, was still more than 8 percentage points lower than that for whites. Employment gains among blacks were confined almost entirely among women, as employment of black men grew only intermittently over the first half.

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Table 1. Selected quarterly labor force indicators, seasonally adjusted, 1982 to date
(Numbers in thousands)

Characteristic	1982	1983				1984	
	IV	I	II	III	IV	I	II
Total							
Civilian labor force	110,829	110,700	111,277	112,057	112,012	112,607	113,642
Participation rate	64.0	63.8	64.0	64.2	64.0	64.1	64.5
Employed	99,054	99,214	100,037	101,528	102,506	103,740	105,146
Employment-population ratio	57.2	57.2	57.5	58.2	58.6	59.1	59.7
Unemployed	11,775	11,486	11,240	10,529	9,507	8,866	8,496
Unemployment rate	10.6	10.4	10.1	9.4	8.5	7.9	7.5
Men, 20 years and over							
Civilian labor force	58,335	58,208	58,634	58,983	59,017	59,360	59,584
Participation rate	78.7	78.2	78.5	78.6	78.4	78.3	78.3
Employed	52,537	52,563	53,095	53,839	54,418	55,211	55,680
Employment-population ratio	70.9	70.6	71.1	71.8	72.2	72.9	73.2
Unemployed	5,798	5,645	5,539	5,144	4,599	4,149	3,904
Unemployment rate	9.9	9.7	9.4	8.7	7.8	7.0	6.6
Women, 20 years and over							
Civilian labor force	44,053	44,247	44,442	44,868	44,971	45,232	46,009
Participation rate	52.9	52.9	53.0	53.3	53.2	53.2	54.0
Employed	40,108	40,313	40,654	41,324	41,717	42,084	42,920
Employment-population ratio	48.1	48.2	48.5	49.1	49.3	49.5	50.3
Unemployed	3,945	3,934	3,788	3,545	3,254	3,149	3,088
Unemployment rate	9.0	8.9	8.5	7.9	7.2	7.0	6.7
Teenagers, 16-19 years							
Civilian labor force	8,441	8,245	8,201	8,206	8,024	8,014	8,049
Participation rate	54.1	53.3	53.4	54.0	53.2	53.7	54.5
Employed	6,409	6,338	6,288	6,366	6,370	6,446	6,545
Employment-population ratio	41.1	41.0	41.0	41.9	42.3	43.2	44.3
Unemployed	2,032	1,907	1,912	1,840	1,654	1,568	1,503
Unemployment rate	24.1	23.1	23.3	22.2	20.6	19.6	18.7
White							
Civilian labor force	96,521	96,263	96,719	97,420	97,541	98,135	98,706
Participation rate	64.4	64.1	64.2	64.5	64.5	64.5	64.8
Employed	87,368	87,459	88,231	89,485	90,353	91,478	92,378
Employment-population ratio	58.3	58.2	58.6	59.3	59.7	60.1	60.7
Unemployed	9,153	8,804	8,488	7,935	7,187	6,657	6,328
Unemployment rate	9.5	9.1	8.8	8.1	7.4	6.8	6.4
Black							
Civilian labor force	11,498	11,559	11,671	11,728	11,613	11,803	11,968
Participation rate	61.4	61.5	61.8	61.8	60.9	61.4	62.0
Employed	9,133	9,226	9,287	9,452	9,531	9,854	10,065
Employment-population ratio	48.8	49.1	49.2	49.8	50.0	51.3	52.1
Unemployed	2,364	2,333	2,384	2,277	2,081	1,949	1,903
Unemployment rate	20.6	20.2	20.4	19.4	17.9	16.5	15.9
Hispanic							
Civilian labor force	5,968	6,019	6,167	6,146	6,221	6,371	6,336
Participation rate	63.6	63.9	63.5	63.5	64.0	64.2	63.5
Employed	5,052	5,083	5,293	5,360	5,467	5,677	5,660
Employment-population ratio	53.9	54.0	54.5	55.4	56.3	57.2	56.7
Unemployed	916	936	874	785	754	694	676
Unemployment rate	15.3	15.6	14.2	12.8	12.1	10.9	10.7

Hispanic workers experienced a 2.3-percent rise in employment during the first half, but, because their population was rising faster than the average, their employment-to-population ratio showed little improvement.

The civilian worker unemployment rate fell in January and February and then held at 7.8 percent before dropping sharply in May and June. The rate stood at 7.1 percent in June. (See chart 1.) The unemployment rate for men, which had been higher, on average, than that for women during 1982 and 1983, dipped under the women's rate in March 1984, and in June stood at 6.3 percent, 0.1 point below the rate for women. The rate for men typically has been somewhat below that for women; one result of the recession was

a reversal of this pattern because of the disproportionate impact of the downturn on industries and occupations with higher concentrations of male employees.

Minority jobless rates remain high

The black unemployment rate, which averaged 16.2 percent, was more than twice the rate for whites throughout the 6-month period. The rate for black teenagers averaged 43.4 percent during the first half. Hispanic unemployment did fall below double digit levels and averaged 10.8 percent.

The median duration of unemployment dropped by more than a week, as the number of long-term (27 weeks or more) jobless was reduced by 475,000. The number unemployed

less than 5 weeks was little changed, presumably reflecting the increased number of new entrants and reentrants in the labor force. The two entrant categories made up about 40 percent of total unemployment in June, while workers on layoff were about 14 percent.

The labor force, which had grown more slowly during the first year of the latest recovery than in the upturns of the 1970's and 1980-81, started to pick up the pace of its growth in February. Over-the-year labor force growth spurted over the 2-million-a-year mark at that time and had risen to 2.5 million by the second quarter. Increases in the labor force were driven by the resurgence of the labor force participation rate of women, which had dipped in late 1983. By March 1984, the rate for women regained its previous high of 53.4 percent and continued to rise in subsequent months to 54.2 percent. By contrast, labor force participation by men stayed within a tenth of a percentage point of the 78.3 percent it stood at the beginning of the year. Among teenagers, a slight rise in the participation rate was offset by a decline in population, yielding virtually no net change in the teenage labor force.

Discouraged workers decline in number

Discouraged workers—persons not in the labor force who want to work but do not think they can get a job—numbered 1.3 million in the second quarter of 1984, down by 160,000 from the fourth quarter of 1983 and 520,000 from the fourth quarter of 1982, when the recession was at its worst. Persons at work on nonfarm part-time schedules for economic reasons, another supplemental measure of labor market problems, fell slightly over the course of the first half to 5.5 million. The number of these workers, sometimes called involuntary part-timers, has fallen by more than a million over the course of the recovery.

Nonfarm payroll employment, as measured by the establishment survey, rose 2.0 million between December 1983 and June 1984. The goods-producing sector generated about 40 percent of the new payroll slots—a proportion somewhat above the roughly 30 percent of total nonagricultural jobs accounted for by the sector at the end of 1983. Goods-producing employment had been most severely affected by the 1981-82 recession, and its high share of job growth reflected continued recovery from those very low levels. Construction and durable goods manufacturing were the growth leaders through midyear in the goods sector. The service-producing sector, which grew rapidly during the half, was paced by the services industry, particularly such industries as business and health services.

Average weekly hours for production or nonsupervisory workers in private nonagricultural establishments reached 35.4 in April, the longest average workweek recorded since early 1981. The manufacturing workweek, which is in some ways a more sensitive indicator of the labor market, averaged 40.8 hours in the first half. This indicator, which has been on a long-run downtrend, thus approached levels that

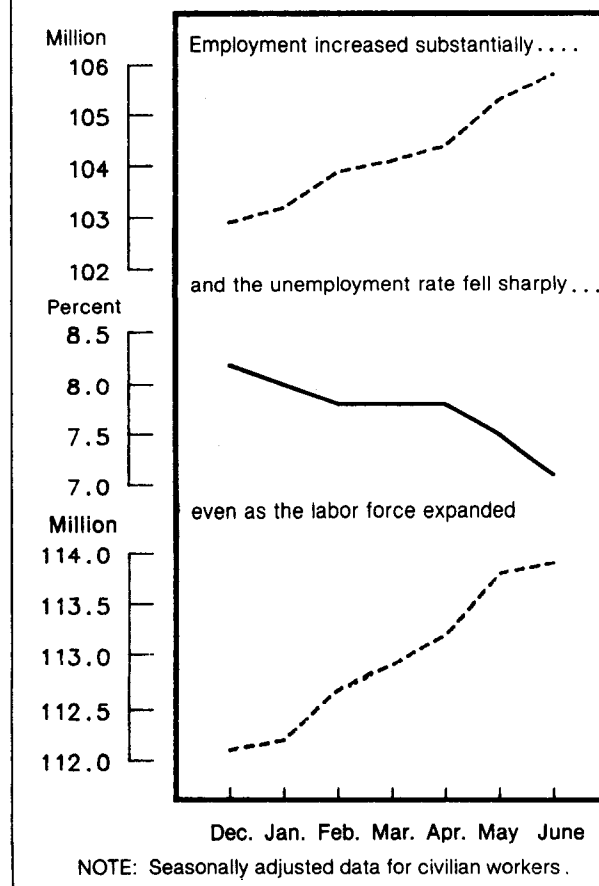
prevailed in the mid-1960s. At midyear, the manufacturing workweek was 40.6 hours, still quite high by recent standards.

Recovery unusually strong

In many ways the current business recovery has been the strongest since the cycles of the mid- and late 1950's. In terms of absolute growth in employment, the recovery was a record setter as early as its second quarter (the second 3 months of 1983). By the second quarter of 1984, total employment growth, as measured by the household survey, had reached a phenomenal 6.1 million. The reduction in unemployment, again in absolute terms, was almost as dramatic as the rise in employment. It took four quarters—until the last quarter of 1983—for the cumulative reduction in joblessness to exceed previous declines, but by the end of the first half of 1984 the number of unemployed had dropped by nearly 3.3 million.

When these developments are more properly analyzed in terms of percentage changes, the narrative is almost as impressive, reflecting an employment recovery stronger than any in 30 years. The quarterly percent change in employment has been at or above the average for all previous post-

Chart 1. The employment picture, December through June



World War II upturns. (See table 2.) During the fifth and sixth quarters of recovery, the cumulative percent change in employment firmly established this as the strongest cyclical upswing in the series since the recovery from the 1953-54 recession.

On the unemployment side, there was a slower start. It was not until the fourth quarter of the recovery that quarterly changes were measurably higher than the average of previous recoveries, and it was not until the fifth quarter of recovery (the first quarter of 1984) that cumulative percent declines in unemployment approached the drops that occurred in the 1958 recovery. With continued strength in the economy, however, unemployment had declined by nearly 32 percent by the end of the first half of 1984. This was the strongest cyclical decline in this series for any post-1950 recovery. Moreover, the rate of unemployment has had the largest cumulative drop recorded over a similar period since the recovery from the recession of 1948-49.

Nonagricultural payroll employment followed a different growth pattern than total employment in the household survey. Payroll job growth was less than the postwar recovery's average for the first three quarters of the latest upturn and drew level with the average during the last quarter of 1983 and the first half of 1984.

Sectoral imbalances in cycle

As the recovery from the 1981-82 recession completed its fifth and sixth quarters by mid-1984, a clearer perspective on the intersectoral imbalances that marked the cyclical

episode could be obtained. At the most aggregate level, the goods-producing sector accounted for about 28 percent of payroll employment at the beginning of the recession, fell to 26 percent at the trough, and by June 1984 was back to 27 percent, reflecting the sector's higher rate of job gain in recovery. Rates of unemployment in the broad categories have also reflected uneven experiences of economic fluctuations. The rate of unemployment for wage and salary workers in the private nonfarm goods sector rose from 8.8 percent at the prerecession peak to 16.0 percent at the trough before recovering to the starting point at 8.7 percent in mid-1984. In the service-producing sector, there was less cyclical volatility, as the unemployment rate was 6.4 percent at its trough, reached a high of 9.2 percent and by the first half of 1984 had fallen to 6.1 percent.

It is intuitive, and to some extent correct, to interpret these developments in terms of a "the-farther-they-fall-the-higher-they-bounce" analogy. Such an analogy, however, masks severe problems of intrasectoral imbalance that become visible at the next finer level of statistical detail. Confining analysis to the level of detail that is published monthly under the Bureau of Labor Statistics quality standards for seasonally adjusted data, one finds only two industries appearing on both lists of the 10 industries with the largest percentage reductions in employment during the recession and the 10 with the largest percentage increases from the trough through June 1984. (See table 3.)

The motor vehicles industry suffered substantial declines in employment and followed the "bounce" analogy quite

Table 2. Quarterly changes in employment and unemployment during business cycle recoveries

[In percent]

Recession (trough)	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter		5th Quarter		6th Quarter	
	Change	Cumulative	Change	Cumulative	Change	Cumulative	Change	Cumulative	Change	Cumulative	Change	Cumulative
Employment¹												
1948-49 (July 1949)	0.6	0.6	0.0	0.5	1.8	2.4	1.2	3.6	0.3	3.9	0.4	4.4
1953-54 (July 1954)	.5	.5	.9	1.5	1.4	2.9	1.8	4.7	.9	5.6	.4	6.1
1957-58 (Apr. 1958)	.4	.4	.8	1.2	.7	1.9	1.3	3.2	.2	3.4	.1	3.5
1960-61 (Apr. 1961)	.1	.1	.5	.6	.6	1.2	.3	1.5	.5	1.9	.1	2.1
1969-70 (Sep. 1970)	0	0	.1	.1	.3	.4	.7	1.1	.9	2.1	1.2	3.3
1973-75 (Mar. 1975)	0	0	.9	.9	.4	1.3	1.4	2.7	1.0	3.8	.6	4.5
1981-82 (Dec. 1982)	.2	.2	.8	1.0	1.5	2.5	1.0	3.5	1.2	4.7	1.4	6.2
Unemployment¹												
1948-49 (Oct. 1949)	-8.7	-8.7	-12.3	-20.0	-16.2	-33.0	-9.7	-39.5	-16.6	-49.5	-11.9	-55.5
1953-54 (Sep. 1954)	-10.3	-10.3	-11.9	-20.9	-6.1	-25.7	-4.7	-29.5	3.4	-26.8	4.0	-29.7
1957-58 (July 1958)	-.4	-.4	-13.2	-13.6	-8.6	-21.0	-11.4	-30.1	3.9	-27.3	6.2	-22.8
1960-61 (May 1961)	-3.3	-3.3	-8.7	-5	-9.0	-19.7	-2.2	-21.4	1.5	-19.1	-.5	-20.6
1969-70 (Dec. 1970)	2.1	2.1	.2	2.3	2.1	4.4	.4	4.8	-1.9	2.9	-1.2	16.3
1973-75 (June 1975)	-3.6	-3.6	-2.3	-5.7	-5.7	-11.2	-1.7	-12.7	3.2	-10.0	.9	-9.1
1981-82 (Dec. 1982)	-2.5	-2.5	-2.1	-4.5	-6.3	-10.6	-9.7	-19.3	-6.7	-24.7	-4.2	-27.8
Nonfarm employment²												
1948-49 (Oct. 1949)	0.8	0.8	2.5	3.3	2.9	6.4	1.6	8.1	1.8	10.0	0.8	10.9
1953-54 (Aug. 1954)	.7	.7	1.1	1.8	1.7	3.5	1.0	4.6	1.1	5.8	1.0	6.9
1957-58 (June 1958)	.7	.7	1.2	1.8	1.7	3.6	1.5	5.1	0	5.1	.4	5.5
1960-61 (Feb. 1961)	.4	.4	.9	1.4	.7	2.1	.6	2.8	1.0	3.8	.5	4.3
1969-70 (Nov. 1970)	.4	.4	.5	.9	.3	1.2	.6	1.8	1.2	3.0	1.1	4.1
1973-75 (Apr. 1975)	.7	.7	.9	1.6	1.2	2.9	1.8	3.7	.6	4.2	.6	4.8
1981-82 (Dec. 1982)	.1	.1	.8	1.0	.9	1.9	1.4	3.4	1.2	4.6	1.0	5.7

¹Current Population Survey (household survey).

²Current Employment Statistics (establishment survey).

NOTE: Troughs are series specific.

Table 3. Industries with large losses in employment, large increases, and high rebounds, November 1982 through June 1984

Industry ¹	Percent loss in recession	Percent gain in recovery	Ratio of jobs gained to jobs lost
Job reductions			
Oil and gas extraction	-12.4	-4.9	(²)
Stone, clay, and glass	-13.1	9.0	.60
Primary metals	-27.6	8.5	.22
Blast furnace and basic steel	-33.1	1.5	.03
Fabricated metals	-16.3	9.9	.51
Machinery, except electrical	-18.6	8.5	.37
Transportation equipment	-14.4	17.1	1.01
Motor vehicles and equipment	-20.3	34.1	1.34
Textile mill products	-13.1	4.7	.31
Leather and leather products	-15.0	-2.4	(²)
Job gains			
Construction	-8.5	13.9	1.50
General building contractors	-12.0	18.8	1.38
Lumber and wood products	-12.2	19.0	1.36
Furniture and fixtures	-10.4	14.4	1.25
Electrical and electronic equipment	-7.2	14.8	1.90
Transportation equipment	-14.4	17.1	1.01
Motor vehicles and equipment	-20.3	34.1	1.34
Rubber and miscellaneous plastics	-9.4	17.6	1.70
Business services	0.8	21.0	(³)
Job resiliency			
General building contractors	-12.0	18.8	1.38
Lumber and wood products	-12.2	19.0	1.36
Furniture and fixtures	-10.4	14.4	1.25
Electrical and electronic	-7.2	14.8	1.90
Motor vehicles	-20.3	34.1	1.34
Rubber and miscellaneous plastics	-9.4	17.6	1.70
Wholesale trade (nondurable)	-0.6	3.5	5.85
General merchandise stores	-4.2	5.7	1.28
Auto dealers and service stations	-1.6	7.2	4.36
Real estate	-2.8	8.1	2.82

¹Ranked by Standard Industrial Classification.

²Industry showed no employment gain following the recession.

³Industry incurred no employment loss during the recession.

well by having the strongest recovery among heavy losers. The industry's cyclical pattern also made it the sole large loser on the list of high rebounders—industries whose re-

coveries, measured as a percent of jobs lost in the recession, were strongest. However, it should be noted that employment in the auto industry is still lower than in early 1979, the time of record employment in that industry.

The figures also indicate that the blast furnace and basic steel industry was the most seriously affected by the recession and that it had regained less than 2 percent of its lost jobs by June. The primary metals industry—which includes basic steel—joins seven other goods-producing industries and two service-producing in a “low rebounders” group. Five of these—mining, petroleum and coal products, leather goods, public utilities, and local government—are industries that actually lost jobs between the end of the recession and midyear 1984.

One characteristic that distinguished the low-rebound from the high-rebound groups was the timing of job gains. Two of the low-rebound industries—tobacco and chemicals—had job *losses* as of December 1983, measured from the November 1982 trough. Instruments and nonelectrical machines had achieved barely half of their eventual rebound in the first 13 months. (Primary metals, the group's exception, had made virtually all of its weak rebound by December.) By contrast, the high-rebound group tended to have about two-thirds of its rebound completed by the 13th month.

The first half of 1984 saw the Nation complete two more quarters of recovery from a severe recession. The gains in employment were substantial; indeed, they set records for postwar upturns. The number of unemployed had dropped from a recession high of 11.9 million to 8.1 million at the end of the first half. The rate of unemployment in June was high by historical standards. There were also industries that had not seen as full a recovery as the overall economy. Thus, while the preponderance of the news was good during the first half of the year, there was still basis for continued concern. □

—FOOTNOTES—

¹The Current Population Survey (CPS) is conducted monthly by the Census Bureau on behalf of the Bureau of Labor Statistics. The survey is conducted among a scientifically selected sample of about 60,000 households and provides information on labor force, employment, and unemployment by a variety of demographic and economic characteristics.

²Data from the Current Employment Statistics (CES) program are collected from the payroll records of nearly 200,000 nonagricultural estab-

lishments by the Bureau of Labor Statistics in cooperation with State agencies. This survey provides estimates of the number of persons on payrolls of businesses, their average hours, and their average hourly and weekly earnings.

³The identification of turning points in the business cycle is, by general consensus of the economics profession, carried out by the National Bureau of Economic Research, a private institution based in Cambridge, Mass.