

Employment on the rise in the first half of 1983

Economic activity picked up during the first half, with employment increasing and unemployment edging down; analysts turned to the issue of how strong and durable the expansion would be

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After going through a long and deep recession, the U.S. economy began to turn up in the first half of 1983, with particularly strong growth registered in the second quarter. The civilian unemployment rate, which had reached a post-World War II high of 10.8 percent in December 1982, gradually declined to 10.0 percent by June 1983. The number of nonfarm jobs increased by 1.1 million over the same period, after having declined by 2.8 million in the prior year and a half. These labor force developments coincided with other indicators pointing to improvement in the economy. Housing starts were up considerably from the lackluster performance shown throughout most of 1981 and 1982. The index of industrial production increased steadily from its November 1982 low of 134.9 to 144.3 in May. And consumer spending, an essential element in any recovery, began to show signs of strength.

It is important to note, however, that not all economic indicators could be interpreted in a positive manner. Com-

pared to current price inflation, short- and long-term interest rates were still very high and, coupled with a 72-percent rate of manufacturing capacity utilization, gave credence to many analysts' contentions and to survey results of business intentions that nonfarm expenditures on plant and equipment, essential to the enhancement of long-term growth prospects, were likely to decline in real terms once again in 1983.¹ In addition, the continuing strong showing of the dollar relative to other currencies weakened U.S. export competitiveness.

Measures of economic activity are most meaningful when examined in an historical context. Accordingly, the first part of this article presents an overview of how the recent situation compared with that of other recoveries. This is followed by a more detailed discussion of the employment and unemployment situation in early 1983.

Recoveries compared

Table 1 contains information comparing percentage changes for a variety of economic indicators from the trough of the seven complete postwar recessions (as designated by the

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National Bureau of Economic Research—NBER) through the first 6 months of recovery, with that of the current period. (For purposes of this analysis, December 1982—the month that dated the turning point in the labor force data—is used as the trough. The NBER subsequently designated a trough date of November 1982.)

Before examining the data, it is important to understand some of the limitations and hazards of the approach used here.² First, the NBER reference trough dates do not necessarily correspond to the specific trough of each data series shown in table 1. Moreover, the difference with which each series lags behind or leads the NBER trough date is not always the same. Thus, it will not necessarily be the case that apparent dissimilarities in the behavior of any given economic indicator across recoveries actually confirm the existence of differences. Second, the economy is always changing, and the future is not simply a duplicate of the past. One expects differences to emerge, some of which may derive from structural changes which in turn may impair our ability to evaluate the relative strength or weakness of a cyclical recovery based on these data. Third, the speed of a recovery is related, in part, to the depth and duration of the prior recession. In this context, comparison of the current recovery with the 1958 and 1975 recovery periods might be most appropriate because their depth is most similar. Keeping these limitations in mind, what do the data shown in table 1 suggest?

The increases registered in the current recovery for each employment indicator shown in table 1—civilian, total nonfarm payroll, and manufacturing payroll employment—compare very favorably with the gains posted in prior periods.³ For example, the 2-percent increase in manufacturing payroll jobs, coming off a very deep recession, compares with gains of less than 1 percent in the first 6 recovery months following the two other most severe postwar down-

turns—1973–75 and 1957–58.

In terms of economic indicators, neither real gross national product (GNP) nor industrial production have bounced back with quite the vigor shown in most prior recoveries, particularly if one focuses on the 1958 and 1975 periods. For example, the index of industrial production increased 6.7 percent between December 1982 and May 1983; this compares with increases of 9.5 percent in the first 6 months of the 1958 recovery and 9.3 percent in the first 6 months of the 1975 recovery. However, private housing starts had advanced more in percentage terms than had been registered in any of the other postwar recovery periods, while nonresidential fixed investment showed a gain not much different from the past.

With that background, we turn our attention to changes in employment and unemployment over the first 6 months of 1983.

Job gains

Table 2 contains information on nonfarm employment changes by industry between July 1981–December 1982, and December 1982–June 1983. It should be emphasized that this table should not be used to determine how much employment in certain industries has recovered from cyclical declines. This is essentially because structural changes often occur at the same time. Such changes reflect international competition, changes in product demand, technological innovations, and other factors. For example, few expect automobile employment to return to its early 1979 prerecession peak even with a full and robust *cyclical* recovery.

After declining by 2.8 million over the course of the last recession to 88.7 million, the number of nonfarm payroll jobs—as measured by the Bureau of Labor Statistics' survey of establishments—advanced by 1.1 million during the first

Table 1. Percent changes in selected economic indicators from postwar business cycle troughs through the first 6 months of recovery, seasonally adjusted

6-month recovery periods ¹	Civilian employment	Nonfarm payroll employment	Manufacturing payroll employment	Manufacturing average weekly hours	Real gross national product ²	Industrial production index	Non-residential fixed investment ²	Private housing starts ³	Retail sales ⁴
October 1949 to April 1950	2.3	3.3	4.7	1.8	7.2	13.9	10.1	17.0	5.3
May 1954 to November 1954	0.7	0.5	0.4	1.5	3.3	3.3	1.5	22.5	4.5
April 1958 to October 1958	1.3	1.2	0.3	2.3	4.9	9.5	0.9	27.6	1.6
February 1961 to August 1961	0.4	1.6	2.2	2.0	3.0	7.9	2.0	7.0	2.1
November 1970 to May 1971	0.6	1.2	1.0	1.0	3.0	4.1	1.6	24.4	5.7
March 1975 to September 1975	1.3	1.0	0.7	2.6	3.5	9.3	-1.2	27.3	5.9
July 1980 to January 1981	1.2	1.4	2.1	3.1	3.0	7.9	3.6	25.1	2.5
December 1982 to June 1983 ⁵	1.7	1.2	2.0	2.8	2.3	6.7	1.4	39.9	3.4

¹Dates for business cycle troughs are designated by the National Bureau of Economic Research (NBER). Subsequent to this analysis, the NBER designated November 1982 as the trough of the most recent cycle; December 1982 was the low point for many labor market indicators.

²Measured in 1972 dollars at an annual rate. These series are estimated on a quarterly basis so that the calculations are based on the quarter within which each recovery date falls.

³Measured as an annual rate of housing starts.

⁴Measured in 1972 dollars.

⁵The changes in the index of industrial production, private housing starts, and retail sales refer to the December–May period since that was all that was available at the time this article was written. The change in nonresidential fixed investment is based on the last quarter of 1982 and the first quarter of 1983 since further data were not available. The change in real gross national product uses the Commerce Department's "flash" estimate for the second quarter of 1983.

Table 2. Changes in nonfarm payroll employment for selected industry categories, seasonally adjusted

[Numbers in thousands]

Industries	July 1981 to December 1982		December 1982 to June 1983	
	Actual change in employment	Percent change in employment	Actual change in employment	Percent change in employment
Total	-2,819	-3.1	+1,095	+1.2
Total private	-2,570	-3.4	+1,223	+1.7
Goods-producing	-2,659	-10.3	+453	+2.0
Mining	-122	-10.4	-45	-4.3
Construction	-372	-8.9	+131	+3.4
Manufacturing	-2,165	-10.6	+367	+2.0
Durable goods	-1,672	-13.7	+271	+2.6
Lumber and wood products	-65	-9.6	+65	+10.6
Furniture and fixtures	-44	-9.3	+19	+4.4
Stone, clay, and glass products	-88	-13.7	+21	+3.8
Primary metal products	-318	-28.0	+16	+2.0
Fabricated metal products	-249	-15.5	+26	+1.9
Machinery, except electrical	-450	-17.9	-5	-0.2
Electric and electronic equipment	-151	-7.2	+60	+3.1
Transportation equipment	-228	-11.9	+65	+3.8
Instruments and related products	-38	-5.2	-6	-0.9
Miscellaneous manufacturing	-42	-10.1	+10	+2.7
Nondurable goods	-493	-6.1	+96	+1.3
Food and kindred products	-46	-2.8	+11	+0.7
Tobacco manufacturers	-2	-2.8	+4	-5.8
Textile mill products	-108	-12.9	+18	+2.5
Apparel and other textile products	-125	-9.9	+20	+1.8
Paper and allied products	-39	-5.6	+4	+0.6
Printing and publishing	-7	-0.6	+13	+1.0
Chemicals and allied products	-53	-4.8	-3	-0.3
Petroleum and coal products	-17	-7.9	-1	-0.5
Rubber and misc. plastics products	-63	-8.4	+36	+5.3
Leather and leather products	-33	-13.4	+2	+0.9
Service-producing	-160	-0.2	+642	+1.0
Transportation and public utilities	-174	-3.4	-11	-0.2
Wholesale trade	-182	-3.4	+13	+0.3
Retail trade	-188	-1.2	+188	+1.2
Finance, insurance, and real estate	+57	+1.2	+84	+1.6
Services	+576	+3.1	+496	+2.6
Government	-249	-1.6	-128	-0.8
Federal government	-28	-1.0	-2	-0.1
State and local government	-221	-1.7	-126	-1.0

half of 1983. Of equal interest is the fact that employment gains were fairly widespread. For example, of the 186 industries which comprise the BLS diffusion index, fully 67 percent registered over-the-month job increases in June 1983, compared with only 32 percent in November 1982. Moreover, three-quarters of the industries had registered increases since December 1982.

Jobs in the service-producing sector, which had declined by 160,000 during the recession, increased by 649,000 in the first half of 1983. This overall figure masks some im-

portant differences among industry divisions within this sector. Not surprisingly, most of the job growth occurred in the services industry (495,000), which had grown during the recession as well. Two industries which had posted recession declines in employment—transportation and public utilities and wholesale trade—showed essentially no job increases between December 1982 and June 1983. Perhaps more important is the behavior of government employment, particularly at the State and local level. In all prior 6-month recovery periods, State and local government had posted fairly strong employment gains. This is the precise opposite of the current situation. Between December 1982 and June 1983, jobs in State and local governments actually declined. While, in part, the lack of growth is certainly reflective of the aging of the postwar baby-boom generation and the consequent lessened demand for teachers and other school personnel, it also reflects fiscal problems at the State and local levels.⁴

The goods-producing sector, which accounted for almost all of the July 1981–December 1982 recession cutbacks, posted a December 1982–June 1983 increase of 450,000 jobs, or about 17 percent of the total lost during the recession. Most cyclically sensitive industries, particularly construction and those in durable goods manufacturing, showed improvement during the first half of 1983. Employment in construction, which had been devastated by the prolonged housing slump of 1981–82, increased by 130,000. Consistent with this improvement, the unemployment rate among construction workers declined from 22 percent to 18.1 percent between December 1982 and June 1983. While hovering around or just below the 1-million mark throughout much of 1981 and 1982, new housing starts increased to 1.7 million (at an annual rate) in the second quarter of 1983, well above the level of the previous year. A major uncertainty for the future, however, remains the behavior of interest rates, home mortgage rates in particular.

Jobs in manufacturing, which bore the brunt of the recession with declines totaling 2.2 million, increased by 365,000 in the first half of 1983. Most of the gains occurred in durable goods manufacturing. Particularly noteworthy increases occurred in lumber and wood products (showing its links to the housing recovery), electrical equipment, and transportation equipment, especially automobiles. Automobile industry employment increased by about 115,000 (seasonally adjusted) between its November 1982 low point and June 1983. This gain reflected a combination of factors.

First, car production was up from an annual rate of about 6 million units at the end of 1982 to around 7 million units in the second quarter of 1983. Second, there had been a slight increase in the production share (and sales share) of the larger, more accessorized cars which have somewhat higher employment requirements relative to the smaller automobiles. Third and last, domestic car sales, at an annual rate of just over 7 million in June, were up from the latter part of 1982, in part stemming from a variety of incentive

programs. The latter, however, produced some uncertainty concerning the future, as such campaigns often result in "buying sales from the future." This suggests that the employment level can only be maintained if real economic growth is strong enough to take up the slack from the sales decline that normally occurs when incentive campaigns are discontinued.

Employment in stone, clay, and glass products, and primary and fabricated metals also showed improvement. The machinery industry, however, showed virtually no job increase in the first half of 1983 (after the effects of a strike were factored out); a significant turnaround in business investment in equipment will be required before this industry recovers much. Moreover, mining employment was down 45,000 from December 1982.

Concomitant with the overall improvement in the number of jobs has been some reduction in unemployment. The following tabulation shows the unemployment rates for selected industry categories, seasonally adjusted.

	July 1981	Dec. 1982	June 1983
Mining	5.9	18.1	18.2
Construction	15.2	22.0	18.1
Manufacturing	7.4	14.8	11.5
Durable goods	7.2	17.1	12.2
Primary metals	7.9	28.6	19.4
Fabricated metals	8.3	18.9	13.9
Machinery	5.3	14.1	13.5
Electrical equipment	6.1	12.7	10.1
Auto manufacturing	12.7	23.0	13.3

With the exception of mining, all industries showed some degree of improvement from December 1982, although none were down to prerecession levels (July 1981). (The auto industry, in particular, has been struggling since early 1979, so the limitation of comparisons to the present recession is quite misleading; indeed, unemployment among auto workers was last below 10 percent in July 1979.) The extent to which these changes reflected employer recalls, rather than the unemployed finding a job in another industry or dropping out of the labor force, cannot be answered with these data. However, the increase in manufacturing and construction jobs does suggest that recalls were an important reason for the better unemployment situation.

Other recovery indicators

The workweek. In recessions, employers not only lay off workers and cut back on hiring, but they also reduce hours worked, including overtime, among many of those who remain on the job. Between July 1981 and December 1982, the manufacturing workweek dropped from 39.9 to 39.0 hours. During the course of a recovery, conversely, employers tend to restore hours worked before recalling those on layoff or hiring new workers.⁵ In fact, the factory workweek, at 40.1 hours in June 1983, was just over 1 hour above the December 1982 level. If job market prospects

were brightening, then we should also expect that the number of workers on part-time schedules for economic reasons, such as slack work, would be declining. The following tabulation shows the number of nonagricultural workers at work part time (seasonally adjusted quarterly averages in thousands).

	Involuntary part-timers		Voluntary part-timers	
	Total	Usually work full time	Usually work part time	Total
1981				
III	4,497	1,731	2,766	12,498
IV	5,093	2,019	3,074	12,394
1982				
I	5,389	2,050	3,339	12,313
II	5,681	2,173	3,508	12,579
III	5,964	2,222	3,742	12,612
IV	6,413	2,254	4,159	12,372
1983				
I	6,510	2,075	4,535	12,208
II	5,913	1,753	4,160	12,154

The number of persons involuntarily working part time fell by 600,000 in the second quarter of 1983 after increasing steadily from the middle of 1981 to a peak of 6.5 million in the first quarter of 1983. About 55 percent of this decline was accounted for by persons who normally work a full-time schedule (35 hours per week or more).

Job losers, leavers, and entrants. Over the course of a business cycle, the reason that people experience unemployment tends to change. During a recession, the number of job losers—those on layoff expecting recall and those permanently separated from their jobs—increases markedly, while the number of voluntary terminations to look for new jobs tends to edge down. In periods of expansion and recovery, the opposite trends are evident. Table 3 contains information on the number of unemployed persons by reason.

The number of persons on layoff increased steadily through the end of 1982; layoffs, which were only 16.5 percent of the unemployed in the third quarter of 1981, rose to 21 percent by the fourth quarter of 1982. Throughout the first half of 1983, there was a continual decline in the number of persons on layoff. However, other job losers, those permanently separated from their jobs, showed very little improvement from the last quarter of 1982, although their numbers had ceased to increase.

Duration of unemployment. Large increases in the number of newly unemployed persons—those who at the time of the survey report less than 5 weeks of unemployed job search—always occur during a recession. The result is an initial *decrease* in the average duration of unemployment.

As the recession runs its course, the duration of unemployment begins to increase as individuals have a more difficult time finding jobs. In a recovery period, the new flows into unemployment begin to taper off, in part because employers are laying off fewer workers. As a result, despite shrinking in the aggregate, the pool of unemployed persons becomes disproportionately composed of those who have been unemployed for a long time, and thus the average duration continues to rise for a period of time.

From table 3 it can be seen that the number of persons entering unemployment (less than 5 weeks duration) increased almost continuously throughout the recession to a peak of almost 4 million in the fourth quarter of 1982. Since then, short-term joblessness has declined by about 400,000, though virtually all of it occurred in the first quarter. In addition, the number of persons jobless for 5 to 14 weeks also dipped over this time period.

Consistent with past recoveries, the two measures of duration—the mean and the median—continued to increase in 1983, despite the modest improvement in the labor market. The mean duration rose from 14.0 weeks in the third quarter of 1981 to 20.5 weeks in the second quarter of 1983, while the median increased from 6.9 to 11.8 weeks over the same period. Moreover, the number of persons unemployed for 6 months or more continued to increase, reaching 2.8 million in the second quarter of 1983.

Discouraged workers. Another useful indicator of the state of the labor market is the movement in the number of persons who want jobs but are not looking because they believe no work is available—so-called discouraged workers. Like unemployment, this series registers increases in bad times and decreases as economic expansion gets underway. The following tabulation shows the number of discouraged workers for selected quarters (seasonally adjusted, in thousands) over the most recent 2-year period.

	Total	Men	Women	White	Black
1981					
III	1,108	389	718	747	326
IV	1,191	439	751	800	339
1982					
I	1,331	509	822	875	455
II	1,487	577	911	995	449
III	1,638	595	1,043	1,072	502
IV	1,849	690	1,159	1,247	529
1983					
I	1,764	707	1,057	1,193	543
II	1,709	693	1,016	1,261	409

The number of discouraged workers increased throughout 1981 and 1982 before declining by 140,000 between the end of 1982 and the second quarter of 1983. Women and blacks continue to be overrepresented among the discouraged. Women were about 60 percent of the discouraged total in the second quarter of 1983, whereas they comprise

only 43 percent of the labor force. The black share of discouraged workers was even more disproportionate—24 percent, versus only 11 percent of the labor force.

Worker groups

Because the primary purpose of this article has been to examine certain key cyclical indicators, not much has been said about the specific groups that make up the work force. This section briefly presents such information.

Employment. Employment, as measured by the monthly Current Population Survey of households, increased by 840,000 between the first and second quarters of 1983. After bottoming out at 99.1 million in the first quarter, civilian employment stood at 99.9 million by the second quarter. This was still more than 800,000 below the prerecession peak of the second quarter of 1981. The number of employed adult men, which had dropped substantially during the recession, increased by 570,000 but was still about 700,000 below prerecession levels. Employment among adult women was up 325,000 between the first and second quarters of 1983. Teenage employment, on the other hand, continued to decline in 1983 (it has declined since early 1980) as both their population and proportion in the labor force dropped. Among other major worker groups, both white workers and workers of Hispanic origin posted gains. Employment among black workers, who continue to be the most severely affected population in the labor market, was, however, little changed.

The employment-civilian population ratio, a measure of the proportion of the population that is employed, is another illuminating measure of labor market performance. This ratio is sensitive to both employment and population changes and is a useful barometer of the economy's ability to provide jobs for the (usually) growing population. Table 4 contains information for various worker groups.

The overall employment ratio declined throughout the recession and into the first quarter of 1983—from 59 to

Table 3. Reason for, and duration of unemployment, quarterly averages 1981–83, seasonally adjusted

Reason and duration	[Numbers in thousands]							
	1981		1982				1983	
	III	IV	I	II	III	IV	I	II
Reason								
Lost last job	4,171	4,859	5,372	6,003	6,583	7,330	6,779	6,676
On layoff	1,330	1,770	1,829	2,007	2,323	2,506	2,033	1,904
Other job losers	2,841	3,089	3,543	3,996	4,260	4,824	4,745	4,772
Left last job	920	937	890	864	806	808	863	799
Reentered labor force	2,047	2,255	2,222	2,371	2,452	2,499	2,513	2,426
Seeking first job	944	1,015	1,071	1,115	1,279	1,276	1,163	1,312
Duration								
Less than 5 weeks	3,391	3,852	3,823	3,802	3,965	3,971	3,569	3,574
5 to 14 weeks	2,469	2,851	3,082	3,311	3,381	3,507	3,191	3,016
15 weeks and over	2,205	2,352	2,705	3,288	3,687	4,474	4,622	4,488
15 to 26 weeks	1,093	1,204	1,431	1,633	1,806	2,089	1,911	1,677
27 weeks and over	1,112	1,149	1,274	1,655	1,881	2,385	2,712	2,810
Mean (average) duration, in weeks	14.0	13.2	13.8	15.2	16.1	17.5	19.2	20.5
Median duration, in weeks	6.9	6.8	7.5	8.9	8.7	9.9	10.5	11.8

Table 4. Employment-civilian population ratios and unemployment rates for selected worker groups, quarterly averages 1981-83, seasonally adjusted

Selected categories	1981		1982				1983	
	III	IV	I	II	III	IV	I	II
Employment-civilian population ratios:								
Total, 16 years and over	59.0	58.5	58.1	58.0	57.7	57.3	57.1	57.4
Both sexes, 16 to 19 years	44.4	43.0	42.3	41.8	41.0	41.0	40.9	40.9
Men, 20 years and over	74.1	73.2	72.5	72.2	71.6	71.0	70.5	71.0
Women, 20 years and over	48.5	48.6	48.4	48.4	48.6	48.2	48.2	48.4
White workers	60.0	59.5	59.1	59.0	58.8	58.3	58.1	58.5
Black workers	50.9	50.7	50.2	49.5	49.4	48.8	49.1	49.1
Hispanic workers	57.0	56.8	56.6	55.6	53.7	53.6	53.7	54.9
Women who maintain families	53.2	53.9	53.9	53.1	53.9	52.6	52.0	51.1
Married women, spouse present	47.4	47.3	47.2	47.5	47.5	47.2	47.5	47.8
Married men, spouse present	76.9	76.2	75.7	75.2	74.5	73.9	73.6	73.9
Unemployment rates:								
Total, 16 years and over	7.4	8.3	8.8	9.4	10.0	10.7	10.3	10.1
Both sexes, 16 to 19 years	19.1	21.2	21.9	22.7	23.9	24.3	22.8	23.3
Men, 20 years and over	6.1	7.1	7.8	8.4	9.1	10.0	9.7	9.4
Women, 20 years and over	6.8	7.2	7.6	8.2	8.4	9.0	8.9	8.5
White workers	6.4	7.3	7.7	8.3	8.8	9.5	9.1	8.8
Black workers	15.8	16.9	17.4	18.6	19.3	20.4	20.1	20.7
Hispanic workers	9.8	11.1	12.4	13.3	14.4	15.2	15.9	14.1
Women who maintain families	10.7	10.6	10.6	11.8	12.0	12.3	13.2	13.0
Married women, spouse present	5.8	6.4	6.7	7.3	7.4	8.1	7.6	7.5
Married men, spouse present	4.1	5.1	5.4	6.2	6.9	7.6	7.1	6.9
Full-time workers	7.1	8.0	8.6	9.3	9.8	10.6	10.3	9.9
Part-time workers	9.5	9.6	10.0	10.4	10.7	10.9	10.4	11.3

57.1 percent. By the second quarter of 1983, the ratio had increased slightly to 57.4 percent.

The overall ratio, however, masks several significant differences between groups of workers. Among teenagers, the ratio fell from 44.4 percent in the third quarter of 1981 to 40.9 percent in the second quarter of 1983, as declines in employment greatly exceeded those in the size of their population. The ratio for adult men declined more than 3 percentage points during the course of the recession to a low of 70.5 percent in the first 3 months of 1983. By the second quarter of 1983, their ratio had risen to 71.0 percent. In contrast, the ratio for adult women was just slightly reduced in the recession. The contrasting picture between men and women is largely attributable to the nature of their industrial and occupational attachment; the cyclically sensitive sectors of the economy still employ men disproportionately.

Among white, black, and Hispanic workers, the ratio fell substantially during the recession. Since bottoming out at 58.1 percent in the first quarter of 1983, the ratio for white workers had edged up to 58.5 percent by the middle of 1983. The employment ratio of black workers inched up from 48.8 percent at the end of 1982 to 49.1 percent, with the entire gain posted in the first quarter of 1983. In contrast to these modest increases, the ratio for Hispanic workers was up 1.3 percentage points from the low point reached in the last quarter of 1982 to the second quarter of 1983.

The ratio for married men, as expected, showed a high degree of cyclical sensitivity, whereas that for married women changed little and, by the second quarter of 1983, was

actually slightly above the level posted for the middle of 1981. (This modest increase was, however, well below the long-term trend, which means that, while employment growth in the last recession almost matched population growth, in nonrecession periods employment has increased faster than the population of married women.) Among women who maintain families, the employment-population ratio changed little until the end of 1982. Since then, the ratio declined from 52.6 to 51.1 percent, as the number of employed women who maintain families declined in the first half of 1983 while their population was little changed.

Unemployment. The unemployment situation had improved by mid-1983, though the rate remained very high by historical standards. After reaching a postwar high of 10.8 percent in December 1982, the unemployment rate (civilian basis) was down to 10 percent in June 1983. While most worker groups experienced some improvement, there were a few notable exceptions. In particular, the rate for black workers, at 20.7 percent in the second quarter of 1983, had increased almost continuously since early 1981. In addition, the rate among women who maintain families, at 13 percent, was slightly above the rate registered at the end of 1982.

Labor force growth

Growth in the labor force has slowed somewhat in recent years, in part, because of the smaller number of persons reaching labor force age, the performance of the economy, and a slowdown in the rate of increase in labor force participation among women. At 111.2 million in the second quarter of 1983, the labor force had grown 1.1 million over the year. This compares with increases of 1.3 and 2.1 million over the previous 2 years. The following tabulation provides information (not seasonally adjusted) on the labor force levels (in thousands) and participation rates (the proportion of the civilian population either employed or unemployed) for the second quarters of 1982 and 1983 for teenagers and adults.

	Second quarter 1982		Second quarter 1983	
	Labor force	Participation rate	Labor force	Participation rate
Total	110,099	64.0	111,189	63.9
Teenagers	8,709	55.0	8,343	54.4
Adult women	43,407	52.5	44,184	52.7
Adult men	57,983	78.9	58,662	78.5

The number of adult women and men in the labor force each rose over the year, although the increase for women—780,000—was below those of previous years. The teenage labor force decline was due to declines in both their participation rate and population.

BY MIDYEAR, unemployment had inched down, and employment had shown considerable growth. How strong and durable the recovery will be remains to be seen. □

—FOOTNOTES—

¹ See Congressional Budget Office, *The Outlook for Economic Recovery* (U.S. Government Printing Office, 1983). According to the Commerce Department's latest survey, business capital outlays in 1983 will average 3.1 percent less than in 1982, after adjustment for inflation. However, as the year progresses outlays are expected to pick up. See Eileen Alt Powell, "Plant and Equipment Outlays to Pick Up, U.S. Says, but 1983 Total Will Fall 3.1%," *The Wall Street Journal*, June 10, 1983, p. 3.

² For an excellent treatment of economic indicators, see Geoffrey Moore and Julius Shiskin, *Indicators of Business Expansions and Contractions* (New York, National Bureau of Economic Research, 1967).

³ Statistics on payroll employment and hours are collected by State agen-

cies from payroll records of employers and are tabulated by the Bureau of Labor Statistics. Data on labor force, total employment, and unemployment are derived from the sample survey of households conducted and tabulated by the Bureau of the Census for the Bureau of Labor Statistics. A description of the two surveys appears in *Employment and Earnings*, Bureau of Labor Statistics, monthly.

⁴ Data Resources, Inc., *Review of the U.S. Economy*, May 1983, pp. 1.58–1.60.

⁵ Philip L. Rones, "Response to recession: reduce hours or jobs?" *Monthly Labor Review*, October 1981, pp. 3–11.

Labor force activity of women

During the past 20 years, women in OECD countries have been making the major occupational change from work in the home to work in the labor market. An effect of the recession has been to slow down their labor force growth. Nevertheless, in those sectors of the economy where the demand for labor remained strong, employment of women actually expanded. The aggregate data presented in this study demonstrated that the female rate of participation is still rising and it is therefore expected that, as the economies of the OECD countries begin to expand during the post-recessionary period, there will be a renewed surge of women into the labor market. This prediction of a continued increase in participation rates is also justified by the changing structure of labor supply in some countries.

The prediction of a continued increase in women's labor force participation is probably also supported by the changing structure of labor supply in some countries. The tendency towards smaller families and the growing acceptance of working wives are factors which will contribute to the continuing increase in the participation of married women. In some countries there has been an increasing number of single-parent families headed by women who have very high levels of labor force participation rates. If this trend continues it will affect the structure of labor supply. In addition, in many countries there are a great number of social and labor market governmental policies which will influence women's participation in the labor market. Government policy in the area of child care and early education, access to educational and training opportunities and the implementation of equal employment opportunity policy will in time change the labor market behavior of women. The expected future upward trend in the supply of female labor will therefore be a dominant influence on the structural labor market situation in many countries in the years ahead.

—ALICE H. AMSDEN, ed.

The Economics of Women and Work
(New York, St. Martin's Press, 1980),
pp. 384–85.
