

# The employment situation during 1986: job gains continue, unemployment dips

*The labor market continued to improve in the fourth year of the economic recovery—employment grew and the unemployment rate edged below 7 percent; nearly all of the job increase occurred in the service-producing sector*

SUSAN E. SHANK AND STEVEN E. HAUGEN

Moderate employment gains continued in 1986, as the U.S. economy completed its fourth year of expansion following the deep 1981–82 recession. Unemployment declined slightly during the year, repeating the pattern of slow improvement evident in 1985. For all of 1986, the civilian unemployment rate averaged 7.0 percent—down from 7.2 percent in 1985 and 7.5 percent in 1984.

Nearly all of the 1986 employment increase took place in the service-producing sector, with particularly large gains in services, finance, insurance, and real estate. In contrast, manufacturing employment declined, and the number of mining jobs dropped markedly—reflecting reduced activity in oil and gas extraction because of sharply lower crude oil prices. Construction job growth, which had been very strong during the previous 3 years, moderated in 1986.

## Civilian employment

The number of employed persons rose by about 2.1 million during 1986 (after adjustment is made for revisions in the underlying population estimates used in the Current Population Survey<sup>1</sup>), similar to the gain registered in the prior year. (See table 1.) These increases were more moderate than in the “rebound” years immediately after the 1981–82 recession; civilian employment had jumped by about 3½ million in both 1983 and 1984. This pattern of very sharp

job gains in the first 2 years of a recovery followed by slower growth in subsequent years is typical of most of the business cycles since World War II.

Adult women accounted for 1.4 million of the 1986 job increase, compared with 600,000 for adult men and 100,000 for teenagers. For adult men, this employment rise was slightly smaller than that posted in 1985. In contrast, the small employment increase for teenagers was the first recorded since 1979. This development reflected a slight population increase for those ages 16 to 19—reversing the declines that took place from the late 1970’s through 1985, when the last of the baby-boom generation moved through the teen years.

*Whites, blacks, and Hispanics.* The slower rate of employment growth over the past 2 years has been evident among the three major race/ethnic groups, as reflected in the following employment-population ratios. For both blacks and whites, the slowdown in employment growth can be attributed entirely to adult men. Although both men and women posted sharp employment rebounds in the 2 years immediately after the cyclical trough, only women continued to show strong gains in 1985 and 1986.

	<i>Fourth-quarter averages</i>		
	<i>1982</i>	<i>1984</i>	<i>1986</i>
White .....	58.3	60.7	61.8
Black .....	48.9	53.4	54.3
Hispanic .....	53.8	58.5	59.3

Susan E. Shank and Steven E. Haugen are economists in the Division of Labor Force Statistics, Bureau of Labor Statistics.

*Full- and part-time workers.* As has historically been the case, the bulk of the employment growth in 1986 occurred among full-time workers (35 hours or more per week). However, a sizable proportion of the increase took place among persons voluntarily working part time. Their number rose to 15.3 million, about 400,000 more than in 1985.<sup>2</sup> As a result, voluntary part time edged up to about 14 percent of total employment in 1986; however, this proportion remained below the levels that prevailed from the mid-1970's

through the early 1980's. Adult women and teenagers accounted for most of the increase in voluntary part-time work, many taking positions in the retail trade and services industries.

In addition to those who work part time voluntarily, there is a substantial number of persons who want full-time employment but must settle for part time. The two major reasons for this situation—referred to as employed part time for economic reasons—are slack work (an employer-initiated

**Table 1. Selected labor force indicators by sex, age, race, and Hispanic origin, seasonally adjusted quarterly averages, 1982-86**

[Numbers in thousands]

Characteristic	1982	1984	1985	1986			
	IV	IV	IV	I	II	III	IV
<b>Total</b>							
Civilian labor force	110,959	114,259	116,187	117,008	117,628	118,171	118,558
Percent of population	64.1	64.5	64.9	65.1	65.2	65.3	65.4
Employed	99,120	105,938	107,973	108,752	109,249	109,980	110,420
Employment-population ratio	57.3	59.8	60.3	60.5	60.6	60.8	60.9
Agriculture	3,471	3,323	3,093	3,212	3,171	3,108	3,179
Nonagriculture	95,649	102,615	104,880	105,540	106,078	106,873	107,241
Unemployed	11,839	8,321	8,214	8,256	8,379	8,191	8,138
Unemployment rate	10.7	7.3	7.1	7.1	7.1	6.9	6.9
<b>Men, 20 years and over</b>							
Civilian labor force	58,375	60,014	60,580	61,137	61,189	61,329	61,646
Percent of population	78.8	78.3	78.1	78.2	78.1	78.0	78.1
Employed	52,553	56,249	56,929	57,428	57,417	57,579	57,860
Employment-population ratio	70.9	73.4	73.4	73.5	73.2	73.2	73.3
Unemployed	5,822	3,765	3,651	3,710	3,772	3,750	3,786
Unemployment rate	10.0	6.3	6.0	6.1	6.2	6.1	6.1
<b>Women, 20 years and over</b>							
Civilian labor force	44,112	46,348	47,726	47,990	48,451	48,916	48,993
Percent of population	52.9	54.0	54.9	55.0	55.4	55.8	55.7
Employed	40,127	43,243	44,668	44,902	45,362	45,910	46,048
Employment-population ratio	48.1	50.3	51.4	51.5	51.9	52.3	52.4
Unemployed	3,985	3,105	3,058	3,088	3,089	3,006	2,945
Unemployment rate	9.0	6.7	6.4	6.4	6.4	6.1	6.0
<b>Both sexes, 16 to 19 years</b>							
Civilian labor force	8,472	7,898	7,881	7,880	7,988	7,926	7,919
Percent of population	54.3	54.2	54.5	54.5	55.2	54.7	54.4
Employed	6,440	6,446	6,376	6,422	6,470	6,492	6,512
Employment-population ratio	41.3	44.2	44.1	44.4	44.7	44.8	44.8
Unemployed	2,032	1,451	1,505	1,458	1,518	1,434	1,407
Unemployment rate	24.0	18.4	19.1	18.5	19.0	18.1	17.8
<b>White</b>							
Civilian labor force	96,623	98,812	100,536	101,126	101,571	102,098	102,418
Percent of population	64.4	64.7	65.2	65.3	65.4	65.6	65.7
Employed	87,452	92,608	94,472	94,945	95,366	96,013	96,320
Employment-population ratio	58.3	60.7	61.3	61.3	61.4	61.7	61.8
Unemployed	9,171	6,204	6,063	6,182	6,205	6,086	6,098
Unemployment rate	9.5	6.3	6.0	6.1	6.1	6.0	6.0
<b>Black</b>							
Civilian labor force	11,503	12,251	12,473	12,589	12,707	12,605	12,715
Percent of population	61.5	62.9	63.0	63.4	63.7	62.9	63.2
Employed	9,155	10,403	10,592	10,732	10,822	10,779	10,924
Employment-population ratio	48.9	53.4	53.5	54.0	54.3	53.8	54.3
Unemployed	2,348	1,848	1,881	1,857	1,885	1,826	1,791
Unemployment rate	20.4	15.1	15.1	14.7	14.8	14.5	14.1
<b>Hispanic origin</b>							
Civilian labor force	6,826	7,612	7,802	7,881	8,020	8,143	8,249
Percent of population	63.5	65.4	64.6	64.7	65.3	65.7	66.0
Employed	5,783	6,813	6,960	7,027	7,163	7,268	7,409
Employment-population ratio	53.8	58.5	57.6	57.7	58.3	58.6	59.3
Unemployed	1,043	799	842	855	857	876	839
Unemployment rate	15.3	10.5	10.8	10.8	10.7	10.8	10.2

NOTE: Detail for race and Hispanic-origin groups will not sum to totals because data for the "other races" group are not presented and Hispanics are included in both the white and black population groups.

reduction in hours) and an inability to find a full-time job. At about 5½ million in 1986, the number of workers on part-time schedules for economic reasons showed no improvement from the 1985 level and was relatively high by historical standards.

### Industry developments

Nonfarm payroll employment (as measured by the survey of business establishments<sup>3</sup>) topped 100 million in the summer of 1986 and reached 101 million by the fourth quarter. (See table 2.) Practically all of the 2.4-million job increase during 1986 took place in the service-producing sector. (See chart 1.) However, these job gains were smaller than in 1985—particularly in wholesale trade and government. Within the goods sector, construction employment rose over the year, while mining fell sharply. The number of manufacturing jobs also dropped during 1986, even though there was a small rebound in the fourth quarter. Despite the decline in manufacturing employment, however, the factory workweek and overtime hours both remained relatively high.

*Service-producing sector.* The services, retail trade, and finance, insurance, and real estate industries together added just about 2 million new jobs in 1986—similar to the increase in 1985. The services division posted a 1-million job gain, with the largest increases continuing to occur in business and health services. These two components, which represent about half of services employment, accounted for approximately 60 percent of the over-the-year growth. Retail trade employment also advanced in 1986, as eating and drinking places and food stores continued to add workers.<sup>4</sup> Smaller, but sustained job gains also took place in auto dealers and service stations.

In finance, insurance, and real estate, employment rose by approximately 6 percent in 1986—the largest relative gain for any industry division. Moreover, this was the only division in which the pace of job gains accelerated between 1985 and 1986. The finance component rose markedly—especially savings and loan associations, mortgage bankers and brokers, and stock brokers and dealers, as sharply lower interest rates caused increased demand for new and refinanced home mortgages, while higher stock prices led to more trading activity.

Government employment growth slowed to about 300,000 in 1986 from 425,000 in the previous year. Federal government employment, which had risen moderately in 1985, was essentially unchanged during 1986. However, small job gains continued at both the State and local levels. Wholesale trade and transportation and public utilities each showed only moderate employment increases during 1986. The recent slowing in wholesale trade job growth probably reflects the general weakness in the goods-producing sector. Within transportation and public utilities, divergent trends continued in 1986, as the transportation component increased slightly, while the communications and public utilities segment remained flat.

*Goods-producing industries.* Employment in the goods-producing sector fluctuated around 25 million during 1985 and 1986, after rebounding strongly in the 2 years immediately following the 1981–82 recession trough. During 1986, mining employment plummeted, while manufacturing declined moderately, and construction job growth, which had been very robust, slowed markedly.

Changes in mining employment over the past decade have been dominated by developments in oil and gas extraction, which, in turn, were closely related to crude oil prices. As world oil prices began to plunge in 1986, the oil and gas extraction industry lost about 150,000 jobs, one-quarter of its work force. However, the drop in mining jobs slowed during the third quarter and came to a virtual halt by the fourth quarter.

Manufacturing employment rebounded from a recession low of 18.1 million in late 1982 to 19.5 million during the second half of 1984. However, during 1985–86, the number of workers on factory payrolls trended downward—to about 19.1 million in the second half of 1986. Nearly all of the job loss over this period occurred in durable goods—particularly in primary metals (down 100,000) and machinery (down 200,000). Smaller declines took place in fabricated metals and electrical equipment during 1985 and the first half of 1986, but employment leveled off in both industries in the second half of 1986. Only three manufacturing industries registered meaningful job gains in 1986; lumber and wood products, food, and printing and publishing each added about 40,000 jobs.

Construction employment leveled off at just about 5.0 million from the spring of 1986 to yearend, after having risen by 30 percent over the previous 3½ years. This was consistent with the pattern of new housing starts, which rose strongly in the first few years of recovery, but then decreased in the second half of 1986. The slowing of construction job growth was also in line with the decrease in the value of private nonresidential construction—especially industrial, office, and other commercial buildings.<sup>5</sup> The weakness in manufacturing and a surplus of office and other commercial structures were major factors in the decline in nonresidential construction.

*Hours of work.* The average workweek of production or nonsupervisory workers on private nonagricultural payrolls edged down to 34.7 hours in 1986 from 34.9 hours in 1985. This measure has trended downward gradually over the past two decades—in tandem with the increasing importance of the service-producing sector, where the workweek is typically shorter and marked by a greater degree of part-time work. However, the index of aggregate weekly hours, which combines workweek and employment effects, continued to advance for the fourth year in a row. This index averaged 119.0 (1977=100) in the fourth quarter of 1986, up from 116.5 a year earlier and well above the 102.6 registered at the recession trough in the fourth quarter of 1982.

In manufacturing, the workweek remained high by historical standards throughout the 1984–86 period, averaging 40.6 hours, the highest sustained level since 1973. Factory overtime, at 3.5 hours per week in 1986, was also relatively high. The strong performance of the workweek combined with relatively weak employment suggests that many employers have decided to meet their demands for labor through increased hours rather than by hiring new workers. The index of aggregate weekly hours in manufacturing declined slightly in both 1985 and 1986—to about 93.1 (1977 = 100) in the fourth quarter of 1986. This very cyclical measure had been as high as 107.6 in the first quarter of 1979; it then fell to 83.3 in the fourth quarter of 1982, and subsequently rebounded to 95.2 in mid-1984.

## Unemployment

Unemployment edged downward during 1986, continuing the pattern of slow improvement exhibited in 1985. Both the number of unemployed persons (8.1 million in the fourth quarter) and the civilian unemployment rate (6.9 percent) were down marginally from the levels a year earlier. Most labor force groups reflected the overall pattern, registering either small drops or little change in unemployment over the year.

*Major demographic groups.* The jobless rate for adult women declined to 6.0 percent by the fourth quarter of 1986, after holding steady at around 6.7 percent for most of 1984 and 1985. In contrast, the rates for adult men (6.1 percent) and teenagers (17.8 percent) showed little or no change over the year.

Similarly, there were only modest, if any, improvements among the three major race/ethnic groups. The unemployment rate for blacks, at 14.1 percent in the fourth quarter, was still about 2½ times the 6-percent rate for white workers, while the figure for Hispanics (10.2 percent) remained about midway between the two.

*Industry and occupation.* For workers in most industry and occupational groups, unemployment rates in 1986 were little changed from those in 1985, although there were a few exceptions. For example, the adverse effects of the drop in petroleum prices were reflected in a near doubling of the jobless rate for mining workers during 1986—to around 16 percent in the third quarter. Also, the rate for construction workers edged up in the fourth quarter of the year, consistent with the slowing of employment growth.

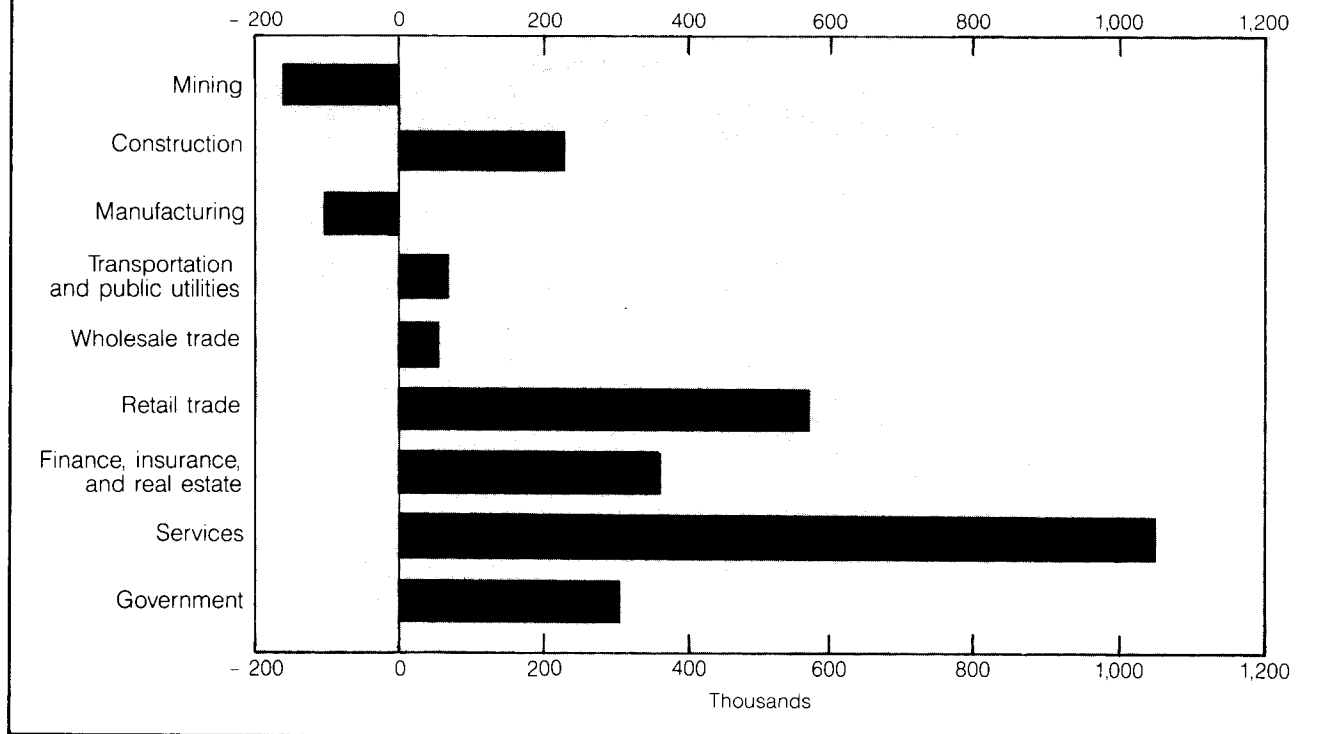
**Table 2. Employees on nonagricultural payrolls by industry, seasonally adjusted quarterly averages, 1982–86**

[Numbers in thousands]

Industry	1982	1984	1985	1986			
	IV	IV	IV	I	II	III	IV <sup>1</sup>
Total .....	88,725	95,907	98,668	99,403	99,848	100,316	101,075
Goods-producing .....	22,982	24,943	24,937	25,028	24,952	24,872	24,897
Mining .....	1,029	958	907	876	794	755	742
Oil and gas extraction .....	651	610	565	538	475	432	419
Construction .....	3,837	4,498	4,769	4,868	4,964	5,001	4,999
General building contractors .....	959	1,189	1,282	1,316	1,309	1,302	1,301
Manufacturing .....	18,116	19,486	19,261	19,284	19,194	19,116	19,156
Durable goods .....	10,485	11,635	11,454	11,446	11,367	11,289	11,282
Nondurable goods .....	7,631	7,851	7,806	7,838	7,827	7,827	7,873
Service-producing .....	65,743	70,964	73,731	74,375	74,896	75,444	76,178
Transportation and public utilities .....	5,022	5,201	5,270	5,281	5,233	5,286	5,341
Transportation .....	2,735	2,965	3,037	3,052	3,037	3,069	3,112
Communications and public utilities .....	2,288	2,236	2,232	2,229	2,195	2,217	2,229
Wholesale trade .....	5,214	5,645	5,800	5,838	5,855	5,857	5,861
Durable goods .....	3,034	3,337	3,451	3,477	3,476	3,484	3,489
Nondurable goods .....	2,179	2,308	2,349	2,361	2,379	2,372	2,372
Retail trade .....	15,193	16,931	17,585	17,786	17,902	18,029	18,172
General merchandise stores .....	2,139	2,316	2,324	2,331	2,345	2,358	2,356
Food stores .....	2,510	2,685	2,848	2,891	2,920	2,947	2,970
Automotive dealers and service stations .....	1,635	1,835	1,919	1,935	1,943	1,961	1,977
Eating and drinking places .....	4,873	5,527	5,785	5,851	5,889	5,934	6,011
Finance, insurance, and real estate .....	5,356	5,779	6,068	6,155	6,261	6,362	6,435
Finance .....	2,664	2,890	3,039	3,081	3,139	3,190	3,223
Insurance .....	1,715	1,785	1,861	1,889	1,918	1,953	1,980
Real estate .....	976	1,105	1,168	1,185	1,204	1,219	1,232
Services .....	19,134	21,237	22,410	22,643	22,940	23,244	23,463
Business services .....	3,289	4,197	4,601	4,682	4,766	4,855	4,935
Health services .....	5,892	6,177	6,400	6,472	6,542	6,628	6,698
Government .....	15,824	16,171	16,599	16,672	16,704	16,666	16,906
Federal .....	2,745	2,830	2,904	2,920	2,896	2,881	2,899
State .....	3,641	3,773	3,900	3,922	3,934	3,924	3,974
Local .....	9,438	9,568	9,795	9,830	9,875	9,862	10,033

<sup>1</sup> Data are preliminary.

**Chart 1. Employment changes by major industry, fourth quarter 1985-86 averages, seasonally adjusted**



In contrast, the unemployment rate for workers in manufacturing, an industry plagued by a variety of problems for several years, declined slightly between 1985 and 1986—to 7.1 percent by yearend. One possible explanation for this seemingly inconsistent development is that many manufacturing workers who had been laid off earlier realized that recall was unlikely and either found employment in another industry or withdrew from the labor force.<sup>6</sup>

*Duration and reasons.* The length of time that persons remain unemployed and the reasons for their unemployment are important variables in assessing the health of the Nation's job market. There were minor shifts within these categories of unemployment that were consistent with a slight improvement in the jobless picture. For example, the proportion of unemployed persons who were jobless for 27 weeks or more—often referred to as the very long-term unemployed—edged down to 14½ percent by late 1986 from about 15 percent in late 1985. In line with this decline, the mean duration of unemployment, at 15 weeks in the fourth quarter of 1986, was slightly below the figure for late 1985. The recent decline in the mean duration followed much larger decreases in the earlier stages of the current recovery—from 19.7 weeks in the fourth quarter of 1983 to 15.4 weeks in the fourth quarter of 1985.

Unemployed persons are also classified by reason for joblessness: job losers, job leavers, labor force entrants, and reentrants. A slight redistribution of the unemployed among

these categories in 1986 provided further evidence of some improvement in the job market. As the following tabulation shows, the proportion of the unemployed who lost their job because of layoff declined from 14 to 13 percent during 1986.

	Fourth-quarter averages		
	1982	1985	1986
Total unemployed	100.0	100.0	100.0
Job losers	61.3	49.3	48.6
On layoff	20.7	14.1	13.2
Other job losers	40.7	35.2	35.3
Job leavers	6.7	10.8	12.8
Reentrants	21.1	27.2	26.0
New entrants	10.9	12.8	12.6

The proportion of the unemployed who had left jobs voluntarily to look for different ones rose from about 11 to 13 percent over the past year. Not only is the decline in the number of unemployed persons on layoff a positive development, but an increase in the job leavers category can also be viewed as a sign of an improving economy, because it often reflects increased worker confidence in the job market. The proportion of unemployed persons who were reentering the labor force declined slightly in 1986, while that for new entrants changed little.

*Discouraged workers.* The vast majority of persons who elect to remain out of the labor force do not want to work. However, some of them want a job but do not actually seek

work for a number of reasons, including health problems, family responsibilities, and school enrollment. Another group of persons not in the labor force indicate that they want to work but do not look for a job because they think they cannot find one. Such persons are typically referred to as discouraged workers. While not included among the unemployed because they are not actively seeking work, these persons provide another measure of labor market difficulty.

In the fourth quarter of 1986, there were 1.1 million persons classified as discouraged workers, essentially unchanged from the level a year earlier. About three-fourths of this group cited job market factors—for example, the belief that no work was available—as the principal reason for not looking, while the remainder indicated personal factors. The number of discouraged workers declined from 1.8 million in late 1982 to 1.3 million by early 1985, with virtually all of the decline occurring among persons citing job market factors. Overall, the number of discouraged workers in 1986 still exceeded the levels registered prior to the back-to-back recessions in the 1980–82 period.

### Cyclical comparisons

The present economic expansion completed its fourth year in November 1986, making it (at the time of this writing) the third longest period of sustained growth since World War II.<sup>7</sup> The expansion that followed the 1960–61 recession lasted almost 9 years, while the one after the 1973–75 recession ran nearly 5 years—from March 1975 through January 1980. In this section, comparisons are based on percentage changes in selected series over the 4-year periods following business cycle troughs in March 1975 and November 1982.<sup>8</sup>

In terms of overall labor market performance, the 1975–79 expansion was somewhat more robust than the current expansion at the 4-year point. Employment rose more in the 1975–79 expansion than in the 1982–86 period, while the unemployment rate dropped to a similar degree in both expansions. However, it is important to note that, although both recessions were similar in terms of length and severity, the labor market was considerably stronger before the onset of the 1973–75 recession. The unemployment rate averaged 4.9 percent in the year before the 1973–75 recession, versus 7.5 percent in the comparable period prior to the 1981–82 recession. Unemployment was at a high level when the 1981–82 recession began because the recovery from the 1980 recession was brief and incomplete.

**Unemployment.** Overall, there was little difference in the degree to which the unemployment rate fell during the two recovery periods under examination. As the following tabulation shows, the rate for all civilian workers fell from 10.8 to 6.9 percent in the 1982–86 period and from 8.6 to 5.8 percent in the post-1975 recovery period. This translates into a proportionate decline of slightly over a third in the 1982–86 period, only marginally steeper than that exhibited from 1975 to 1979.<sup>9</sup>

	March		November	
	1975	1979	1982	1986
Total .....	8.6	5.8	10.8	6.9
Men, 20 years and over .....	6.8	4.1	10.0	6.2
Women, 20 years and over .....	8.3	5.8	9.1	6.1
Both sexes, 16 to 19 years .....	19.9	15.9	24.1	18.2
White .....	7.8	5.1	9.6	6.0
Black .....	15.1	12.5	20.2	14.2
Hispanic .....	12.1	7.9	15.2	9.6

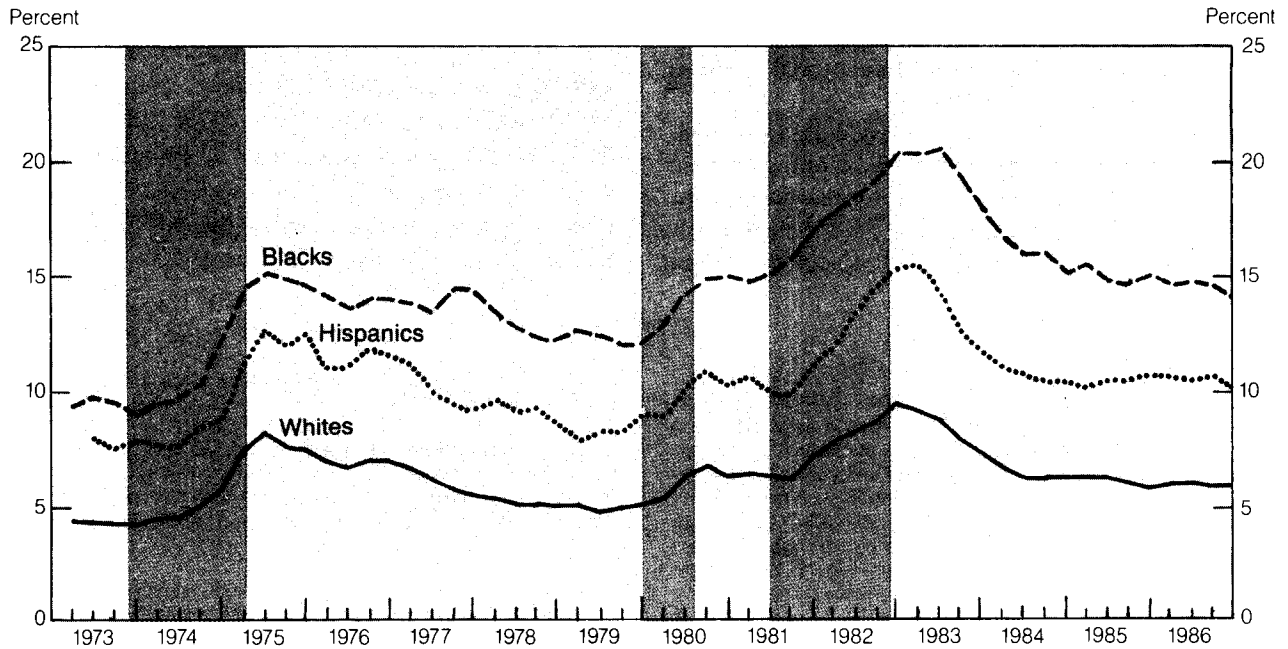
Consistent with the overall pattern, unemployment rates for most labor force groups fell by roughly similar amounts during the two expansions. This was true for adult men and women, as well as for white and Hispanic workers. However, for black workers and teenagers, jobless rates fell more over the 1982–86 period than in the earlier recovery period. (See chart 2.)

**Employment.** The number of employed persons rose by about 11½ percent during the 1982–86 expansion, somewhat less than the tremendous increase during the 1975–79 rebound.<sup>10</sup> The tabulation below shows employment changes during the two periods for major demographic groups. The rise in teenage employment during the most recent expansion was almost trivial compared with the large advance in the earlier period. In large part, this difference reflects the disparity in their population growth over the two periods. From the mid-1960's through the mid-1970's the teenage population rose sharply. However, after this period, their population leveled off, and then declined from 1979 until 1986. Clearly, these swings in the teenage population have overwhelmed cyclical effects on youth employment in recent years. Although the job increase for adult women was somewhat smaller in the last 4 years than the phenomenal growth recorded in the 1975–79 expansion, it was still very large. Employment increases for adult men were similar in both periods.

	Percent change	
	1975–79	1982–86
Total .....	15.6	11.4
Men, 20 years and over .....	11.2	10.2
Women, 20 years and over .....	22.5	14.8
Both sexes, 16–19 years .....	15.9	0.3
White .....	14.5	10.2
Black .....	19.1	18.9
Hispanic .....	32.0	29.2

White workers accounted for virtually all of the slower employment growth in the current expansion. In contrast, job gains for blacks and persons of Hispanic origin, whose populations have been growing rapidly, were about the same in both periods.

**Chart 2. Unemployment rates for whites, blacks, and persons of Hispanic origin, seasonally adjusted, quarterly averages, 1973–86**



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

As the following tabulation shows, total nonfarm payroll employment, as measured by the business survey, rose about 14 percent in the present expansion, compared with 17 percent in the 1975–79 period.

	Percent change	
	1975–79	1982–86
Nonfarm total .....	17.0	14.0
Goods-producing .....	17.9	8.5
Mining .....	26.9	-27.7
Construction .....	26.7	29.9
Manufacturing .....	15.8	6.0
Service-producing .....	16.6	15.9

Job growth in the goods-producing sector was much weaker over the 1982–86 period than it was in the earlier expansion. Manufacturing employment, which had rebounded very strongly in the 1975–79 expansion, rose by only 6 percent over the past 4 years.

While nearly all manufacturing industries experienced weaker job growth in the 1982–86 expansion, the difference was especially large in the metals and machinery industries. Primary metals employment reversed direction—from a 7-percent increase in the 1975–79 period to an 8-percent decrease in the 1982–86 period. Fabricated metals and machinery both registered job gains of 17–18 percent in the 1975–79 expansion, while in the 1982–86 period, there was no change in machinery employment and only a 6-percent

increase in fabricated metals. Together, these three industries added 700,000 jobs in the 1975–79 expansion, but showed no net change in the 1982–86 period.

Mining employment has been extremely volatile in recent years, primarily due to wild swings in crude oil prices. The large drop in mining jobs over the last 4 years just about matched the jump in the 1975–79 period. In contrast, the construction industry added jobs at a faster rate in the current expansion than in the 1975–79 period. Residential construction advanced very strongly in the first 2 years of the current expansion, and private nonresidential activity picked up steam beginning in 1984.

The service-producing sector posted strong and roughly similar job gains in the two periods studied. Retail trade; finance, insurance, and real estate; and services set the pace in both expansions, as each division grew by about 20 percent. However, increases were more moderate in this expansion for local government and transportation and public utilities employment (6 to 7 percent) than in the 1975–79 period (10 to 12 percent).

THE LABOR MARKET continued to improve in 1986, although at a slower pace than in the first 2 years of recovery from the 1981–82 recession. Civilian employment rose by about 2 million each in 1985 and 1986, while the unemployment rate continued to edge downward, reaching 6.9 percent in the second half of 1986. Virtually all of the job gains in

1986 took place in the service-producing sector, with the services industry itself accounting for a large proportion of the growth. In contrast, goods-producing employment remained weak. Manufacturing employment continued to decline, while there was a sharp drop in mining and a marked slowing in construction job growth.

At the 4-year point in the current economic expansion, employment growth and the reduction in unemployment have both been substantial. However, in percentage terms, the employment increase in the 1982–86 period was less than the advance posted during the 1975–79 expansion,

while the civilian unemployment rate fell by similar amounts in both periods. The extremely large employment increase in the 1975–79 period was led by women and teenagers—both of whom also had experienced tremendous labor force growth during these years. Nonfarm payroll employment also rose more in the 1975–79 period than it did in the current expansion. Most of this difference was attributable to the goods-producing sector, in which the rate of job growth in the current expansion was only half that recorded in the 1975–79 period. □

—FOOTNOTES—

<sup>1</sup> The Current Population Survey is a monthly sample survey of about 60,000 households and provides information on the labor force, employment, and unemployment by demographic and economic characteristics. In January 1986, revised population estimates were introduced into the cps. These estimates include an explicit allowance for undocumented immigration since 1980, as well as an improved estimate of emigration. The net effect of these changes was to cause jumps of 350,000–400,000 each in the population, labor force, and in employment (between December 1985 and January 1986). Allowances are made for these breaks in series in the discussion of over-the-year changes. However, with the exception of data for persons of Hispanic origin, data shown in table 1 for periods prior to 1986 have not been revised. For more information, see “Changes in the Estimation Procedure in the CPS Beginning in January 1986” in the February 1986 issue of *Employment and Earnings*.

<sup>2</sup> A more comprehensive measure of part-time workers based on “usual hours” instead of voluntary or involuntary status was recently introduced. Based on the new definition, there were about 19 million persons who usually worked 1 to 34 hours in 1986. The more traditional measure is used in this article to differentiate trends in the number of persons working part time for economic or for other reasons. See Thomas J. Nardone, “Part-time workers: who are they?” *Monthly Labor Review*, February 1986, pp. 13–19.

<sup>3</sup> The Current Employment Statistics program is a monthly survey of approximately 290,000 nonagricultural establishments and provides information on the number of employees on business payrolls, as well as on average hours and earnings.

<sup>4</sup> For more information, see Steven E. Haugen, “The employment expansion in retail trade, 1973–85,” *Monthly Labor Review*, August 1986, pp. 9–16.

<sup>5</sup> See U.S. Bureau of the Census, *Construction Reports—Value of New Construction Put in Place*: May 1986, C30–86–5, and later monthly news releases. All references to value of construction are in constant (1982) dollars.

<sup>6</sup> The industry and occupational designations of unemployed persons are based on their last full-time job lasting 2 weeks or more.

<sup>7</sup> Business cycle peaks and troughs are determined by the National Bureau of Economic Research, a private nonprofit research organization. The three recessions referred to extended from the following peak-to-trough dates: April 1960 to February 1961, November 1973 to March 1975, and July 1981 to November 1982.

<sup>8</sup> The 1961–65 expansion period is excluded from this analysis because: 1) the 1960–61 recession was relatively brief and mild, which contributed to a fairly moderate “rebound”; 2) many data series are not available for the 1961–65 expansion; and 3) the demographic and industrial structure of the U.S. labor market in the 1961–65 period was vastly different from that of the past decade.

<sup>9</sup> Because the labor force usually expands rapidly during periods of economic recovery, unemployment rates typically decline to a greater degree than unemployment levels. While this pattern held for both 4-year periods under study, the difference was particularly marked in the 1975–79 expansion. This can be explained by the fact that the labor force expansion throughout the 1970’s was the largest in the postwar period, as women entered the labor market in huge numbers and most of the baby-boom generation reached working age. Unemployment rates automatically take into account variations in labor force growth over a given period of time, and are, therefore, a better measure of changes in unemployment conditions than are levels.

<sup>10</sup> Revised population estimates introduced into the cps in January 1978 and 1986 (footnote 1) affect employment and labor force changes during the 1975–79 and 1982–86 periods. However, because the effect of these revisions is much less when spread over the 4-year periods studied, no adjustments are made to the data discussed in this section.