

Job gains strong in 1987; unemployment rate declines

*As the economy completed
the fifth year of expansion,
employment increased by 3 million;
the jobless rate fell below 6 percent*

MARK G. ULMER AND WAYNE J. HOWE

Labor market performance in 1987, by most measures, was the best in several years, as the economic expansion reached the 5-year mark. Job growth was stronger than it had been since 1984, and the jobless rate fell almost a full percentage point after changing little in 1985 and 1986.

Following are highlights of employment and unemployment developments in 1987:

- Nonagricultural payroll employment, as measured by the survey of business establishments, and total employment, as measured by the household survey, both showed a healthy increase of roughly 3 million in 1987. The proportion of the population with jobs reached a record high of 61.9 percent.
- After 2 years of declines, the goods-producing sector posted a moderate over-the-year rise in employment. Employment in the service-producing sector continued to expand at a rapid pace, with the largest increase in the service industries.
- All three major racial and ethnic groups contributed to the job growth in 1987. The rate of employment growth among black and Hispanic workers was roughly twice that for white workers.
- The civilian unemployment rate dropped by nearly a full percentage point to 5.9 percent at the end of 1987. Most of

the decline occurred in the first 6 months. Virtually all worker groups shared in this improvement.

Nonfarm payroll employment

Nonagricultural payroll employment, as measured by the Bureau of Labor Statistics' business survey, grew at a healthy pace in 1987. Employment reached 103.3 million in the fourth quarter of 1987, an increase of nearly 3 million from the fourth quarter of 1986. This marked the fifth straight year in which job growth exceeded 2 million. These gains have resulted in an increase of roughly 15 million jobs during the current expansion. (See table 1.)

While job gains were recorded in every major industry division, the composition of growth revealed marked differences among industries and contrasted sharply to earlier years of the recovery. Following back-to-back years of declines, the goods-producing sector posted significant job gains in 1987, with renewed employment growth in both manufacturing and mining. This marked a dramatic turnaround from the persistent job losses incurred in those industries throughout the prior 2 years. Construction, a strong force during the earlier phases of the recovery, peaked in the fourth quarter after experiencing job reductions through much of the year. The service-producing sector continued to dominate the employment increases, accounting for 4 out of every 5 new jobs in 1987. The service

Mark G. Ulmer and Wayne J. Howe are economists in the Office of Employment and Unemployment Statistics, Bureau of Labor Statistics.

industries alone added more than 1 million jobs over the year. (See chart 1.)

Industry developments

The *goods-producing sector* showed renewed strength in 1987, gaining 545,000 jobs during the year. (All over-the-year comparisons refer to the fourth quarter of 1986 to the

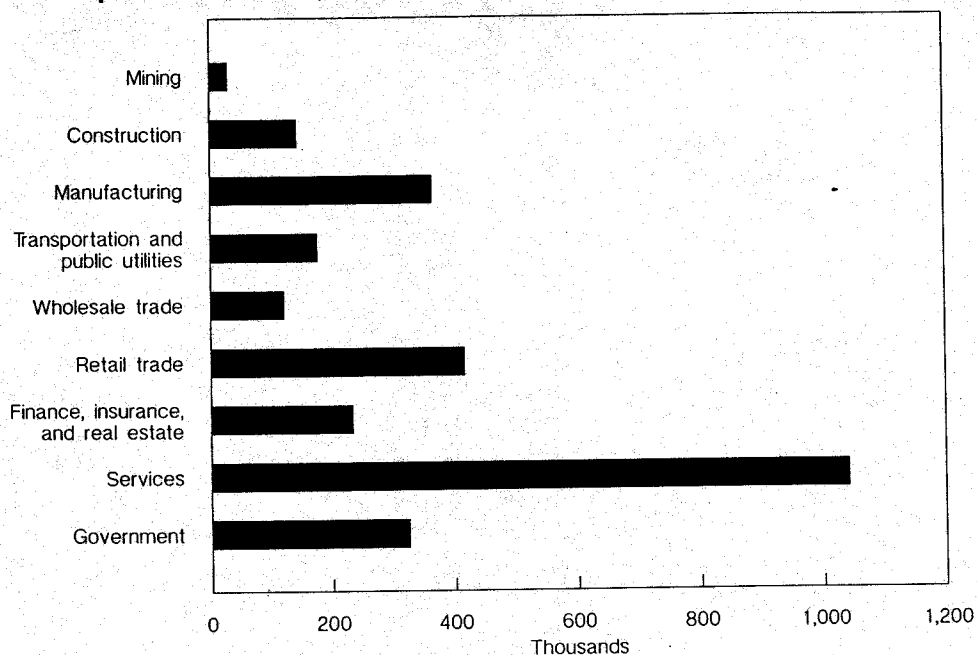
fourth quarter of 1987, unless otherwise noted.) After experiencing substantial employment declines in 1985 and 1986, *manufacturing* added 370,000 jobs in 1987, virtually all of them in the second half of the year. The demand for factory products was apparently beginning to benefit from the dollar's weak exchange rate, which was spurring foreign demand for American goods.

Table 1. Employees on nonagricultural payrolls by industry, selected seasonally adjusted quarterly averages, 1982-87
(In thousands)

Industry	1982	1984	1985	1986	1987			
					IV	I	II	III
Total	88,717	95,882	98,444	100,397	101,133	101,708	102,278	103,267
Total private	72,893	79,721	81,905	83,498	84,183	84,675	85,240	86,042
Goods-producing	22,980	24,943	24,788	24,624	24,733	24,757	24,884	25,169
Mining	1,029	957	898	730	720	734	751	762
Oil and gas extraction	651	610	559	411	406	420	434	441
Construction	3,837	4,501	4,757	4,941	5,035	5,009	4,999	5,087
General building contractors	959	1,188	1,289	1,285	1,304	1,268	1,261	1,285
Manufacturing	18,115	19,485	19,133	18,953	18,979	19,015	19,134	19,320
Durable goods	10,484	11,634	11,392	11,173	11,171	11,175	11,237	11,358
Lumber and wood products	596	703	700	723	733	736	739	748
Furniture and fixtures	425	493	494	499	501	508	519	526
Stone, clay, and glass products	558	593	587	582	587	584	582	587
Primary metal industries	824	844	789	733	733	744	756	769
Blast furnaces and basic steel products	344	318	294	260	260	273	279	286
Fabricated metal products	1,349	1,483	1,454	1,421	1,420	1,422	1,426	1,445
Machinery, except electrical	2,051	2,235	2,124	2,016	2,013	2,025	2,043	2,071
Electrical and electronic equipment	1,953	2,248	2,154	2,119	2,105	2,086	2,093	2,119
Transportation equipment	1,662	1,931	2,010	2,018	2,019	2,011	2,014	2,018
Motor vehicles and equipment	659	877	887	854	855	844	833	836
Instruments and related products	699	721	717	700	695	693	695	699
Miscellaneous manufacturing	367	382	363	362	364	366	371	376
Nondurable goods	7,631	7,851	7,741	7,780	7,808	7,839	7,897	7,962
Food and kindred products	1,628	1,607	1,599	1,626	1,631	1,636	1,636	1,640
Tobacco manufactures	68	64	63	58	58	57	56	56
Textile mill products	729	726	698	713	722	727	734	738
Apparel and other textile products	1,139	1,156	1,115	1,105	1,103	1,106	1,119	1,126
Paper and allied products	654	682	674	678	677	677	679	681
Printing and publishing	1,271	1,404	1,437	1,472	1,482	1,496	1,507	1,521
Chemical and allied products	1,055	1,056	1,034	1,019	1,018	1,018	1,029	1,041
Petroleum and coal products	200	188	174	165	164	164	165	167
Rubber and miscellaneous plastics products	679	792	785	797	805	809	819	840
Leather and leather products	209	176	162	147	147	149	153	153
Service-producing	65,737	70,939	73,656	75,773	76,399	76,951	77,394	78,098
Transportation and public utilities	5,023	5,201	5,261	5,272	5,317	5,347	5,385	5,451
Transportation	2,735	2,964	3,028	3,067	3,099	3,124	3,154	3,209
Communication and public utilities	2,288	2,237	2,233	2,204	2,218	2,223	2,231	2,242
Wholesale trade	5,213	5,643	5,747	5,728	5,755	5,776	5,806	5,851
Durable goods	3,034	3,336	3,401	3,381	3,391	3,401	3,424	3,459
Nondurable goods	2,179	2,307	2,346	2,347	2,363	2,375	2,383	2,392
Retail trade	15,189	16,923	17,562	17,999	18,119	18,209	18,281	18,417
General merchandise stores	2,141	2,316	2,331	2,376	2,370	2,387	2,411	2,440
Food stores	2,510	2,685	2,819	2,908	2,938	2,956	2,960	2,980
Automotive dealers and service stations	1,634	1,834	1,913	1,964	1,979	1,980	1,986	2,005
Eating and drinking places	4,872	5,527	5,772	5,928	5,955	5,973	5,998	6,047
Finance, insurance, and real estate	5,356	5,779	6,077	6,421	6,502	6,573	6,620	6,656
Finance	2,664	2,890	3,034	3,214	3,245	3,276	3,292	3,299
Insurance	1,715	1,785	1,868	1,990	2,017	2,035	2,049	2,072
Real estate	977	1,105	1,175	1,217	1,241	1,262	1,279	1,285
Services	19,131	21,231	22,469	23,455	23,757	24,011	24,263	24,498
Business services	3,289	4,195	4,610	4,883	4,985	5,071	5,130	5,204
Health services	5,892	6,177	6,377	6,665	6,747	6,825	6,918	7,026
Government	15,824	16,161	16,539	16,899	16,949	17,033	17,038	17,225
Federal	2,745	2,830	2,904	2,900	2,917	2,934	2,946	2,973
State	3,641	3,771	3,863	3,916	3,929	3,941	3,958	3,987
Local	9,438	9,560	9,772	10,082	10,104	10,158	10,134	10,265

^p = preliminary.

Chart 1. Employment increases by major industry division, fourth quarter 1986-87, seasonally adjusted



Job growth in the durable goods industries was little changed through the first half of 1987, but accounted for 185,000 of manufacturing's strong second-half gains. The primary metals industry rebounded from 3 consecutive years of steady declines to regain 35,000 jobs between 1986 and 1987; 25,000 of these jobs were in the steel industry. Nonelectrical machinery recaptured 55,000 jobs in 1987, following 2 consecutive years of losses in excess of 100,000. The steel and machinery industries, which had suffered from strong import competition, began to benefit from the declining dollar. Transportation equipment was virtually unchanged over the year, as employment decreases in motor vehicles and equipment were offset by increases in defense-related industries (aircraft and guided missiles).

The nondurable goods industries posted job increases for the second straight year, adding 180,000 jobs in 1987. Printing and publishing continued its strong growth, gaining 50,000 jobs over the year (and 250,000 since the recovery began). The rubber and plastics industry continued its upward trend, adding 45,000 jobs. The plastics segment accounted for the entire increase. New uses for plastics, mainly in the form of revamped packaging, fueled job expansion. The textiles and apparel industries also posted significant job gains in 1987 after experiencing declines through much of the 1980's.

Backed by the resurgence of the oil and gas industry, mining employment increased 45,000 between its trough in early 1987 and year's end. Oil and gas extraction accounted for almost all of this increase, much of which can be attributed to a rise in oil prices. This industry had suffered from a worldwide oil surplus, causing a sharp decline in oil prices and leading to employment declines totaling half a million between the first quarters of 1982 and 1987. Thus, the small recent job gains are a promising sign for the mining industry.

The construction industry ended 1987 with about 145,000 more jobs than a year earlier, the smallest increase of the 5-year expansion. Job gains were quite uneven during the year—in fact, on a seasonally adjusted basis, they occurred mostly in January and October through December. Because these are all months of seasonal employment cutbacks, the strength in these months indicates that fewer workers than normal had been laid off during the slower months. Residential and commercial construction were both affected by rising interest rates through much of 1987, and changes in the tax laws made commercial investment in building less attractive.

The service-producing sector continued to expand at a rapid pace, adding 2.3 million jobs in 1987. Since the November 1982 recession trough, this sector has accounted for 85 percent of the jobs gained. The largest increases

continued to be in services and retail trade. The service industries alone accounted for nearly 45 percent of the employment growth in this sector since the recession trough and represented 36 percent of all nonagricultural jobs added in 1987.

Employment in *transportation and public utilities* increased steadily, gaining 180,000 jobs from the fourth quarter of 1986 and more than 300,000 from mid-1986. The bulk of this increase occurred in the transportation industry. Most of that industry's strong performance can be linked to the rise in manufacturing orders and shipments, and to increased industrial production. Air transportation also showed consistent growth, particularly in the second half of 1987, when airline passenger traffic reached record levels. Railroads continued their long-term decline, while communication and public utilities posted modest gains over the year.

Wholesale trade experienced steady growth in 1987, with both the durables and nondurables portions posting small but consistent job increases.

Retail trade showed much more substantial gains, as retail sales remained strong throughout much of the year. The industry added nearly 420,000 jobs in 1987, with eating and drinking places, food stores, and automotive dealers and service stations continuing their long upward trends. Radio, television, and music stores remained prosperous as demand for video cassette recorders, video rental clubs, and home

computers continued to spur employment gains in this industry. Department stores, backed by record high consumer confidence (at least up to the October stock market collapse), posted substantial employment increases in 1987; after peaking in October, employment in department stores declined on a seasonally adjusted basis.

Employment in *finance, insurance, and real estate* increased 235,000 in 1987, with two-thirds of the increase having occurred in the first half of the year. The three major components all showed significant job gains in 1987. In finance, the largest increase was in security brokers and dealers. This industry grew as more investors entered the securities market. At yearend, however, many financial firms announced plans to substantially reduce their work forces. Real estate agents and managers also exhibited substantial employment growth in 1987.

The *services* industries continued to pace employment growth, accounting for nearly 4 out of every 10 non-agricultural jobs created in 1987. Since the start of the current expansion, these industries has gained 5.4 million jobs. This year's 1 million increase was led by business services and health services. These two industries, which account for approximately half of all service industries employment, have also dominated the sectors' long-term growth.

The temporary help industry, which contracts out employees for temporary assignments in other establishments,

Chart 2. Goods- and service-producing sector shares of payroll employment, 1967 and 1987 annual averages

□ Goods producing
 ■ Service producing

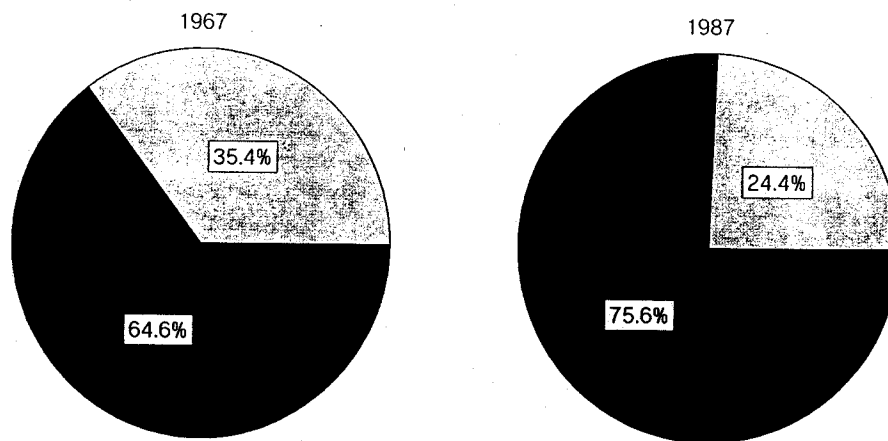
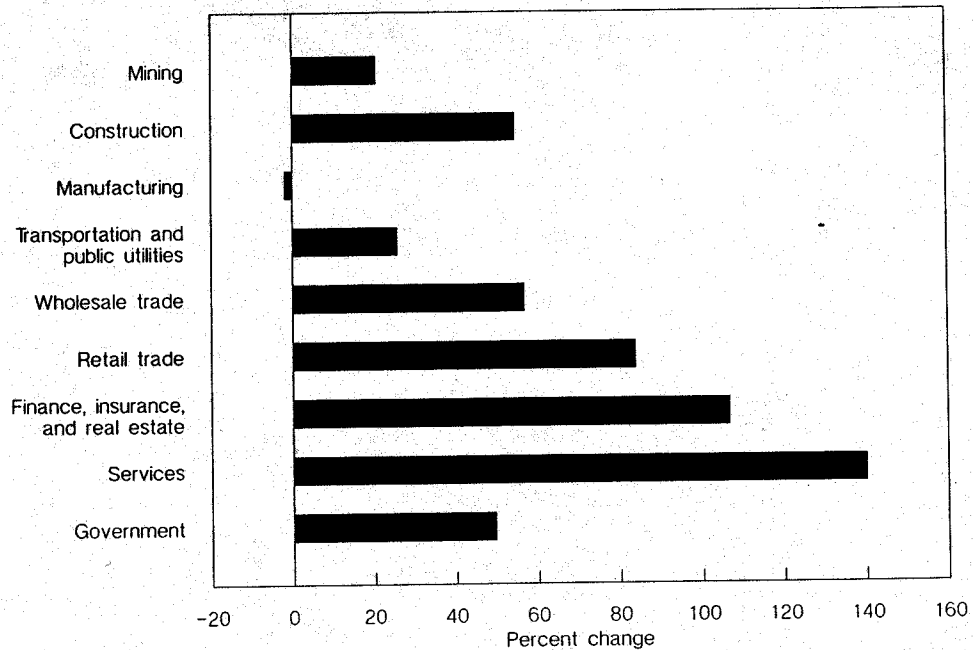


Chart 3. Percentage change in employment by major industry division, 1967-87 annual averages



has been one of the fastest-growing industries during the 1982-87 economic expansion. Temporary work arrangements are attractive to workers who require flexible schedules, such as mothers with young children, who might otherwise not be in the labor force. They are also beneficial to employers when they prefer not to make long-term hiring commitments.

The health services industry was paced by significant employment gains in hospitals and offices of physicians. The long-term increase in this industry has, to some extent, been linked to the aging of the population. This factor, coupled with the increased demand for routine and preventive health care, increased use of diagnostic procedures, and advances in medical technology, has led to rapid job expansion in health services.

Government employment rose 325,000 in 1987, a growth pace consistent with that over the last few years. Federal, State, and local governments all posted employment increases over the year. Most of this increase occurred in local government. In particular, employment in education benefited from increased school enrollments. Growth in local government was also spurred by increased revenues generated by lotteries, revised tax laws, and general business expansion.

Hours of work

The workweek of production or nonsupervisory workers

on private nonagricultural payrolls, which had declined to a low of 34.7 hours in the fourth quarter of 1986, fluctuated during 1987, standing at 34.8 by year's end. Over the longer term, the average workweek has been in a decline, which is largely attributable to the increasing proportion of employment in the retail trade and service industries, which employ many part-time workers. The slight rise in average weekly hours is explained by manufacturing's recent strength in both employment and hours.

Average weekly hours in manufacturing continued to climb in 1987, reaching 41.2 hours by the final quarter, extremely high by historical standards. Between the first quarter of 1985 and the final quarter of 1987, the factory workweek increased about an hour. Factory overtime showed consistent increases in 1987, reaching a peak of 3.9 hours in the fourth quarter.

The index of aggregate weekly hours, a comprehensive measure which takes into account both the number of production workers and their average hours, increased by 4.1 percent in 1987, reaching a record level of 122.0 by year's end (1977=100). This was the largest over-the-year increase since 1984 and marked the fifth consecutive yearly gain in this index. The index of aggregate hours for manufacturing also rose, increasing 3.2 percent from the fourth quarter of 1986.

Long-term employment trends. The service-sector domination of job growth in 1987 represents the continuation of a long-term trend. Chart 2 illustrates the relative employment in the service-producing versus the goods-producing sector in 1987 compared with 20 years earlier. The goods-producing sector has shown little employment growth (7 percent), while becoming a significantly smaller component of total employment. The service-producing sector has grown dramatically, increasing 82 percent from its 1967 employment level and now accounting for 3 out of every 4 nonagricultural jobs.

In the goods-producing sector, mining has gained jobs over this 20-year period, but, after peaking at a level of 1.2 million in early 1982, has suffered substantial employment declines in subsequent years. Construction accounted for most of the modest employment gains in the goods-producing sector over this period. The manufacturing share of total employment has dwindled, falling from 30 percent in 1967 to less than 19 percent in 1987. Such declines have not been experienced by other measures of manufacturing's health; for example, manufacturing has largely maintained its share of gross national product.

Chart 3 illustrates long-term industry employment growth. While all service-sector industries continue to expand, many make up roughly the same proportion of total jobs as they did 20 years earlier. Thus, wholesale trade's portion of employment has remained constant, while government and transportation and public utilities have shown slight losses of job share. The finance, insurance, and real estate industry, while increasing at a brisk pace, has gained less than 2 percent of the total job distribution. This is still impressive, because the industry consists of such a small portion of total employment. Retail trade has increased its share of jobs by nearly 3 percent, while services have shown the largest gain in job share, increasing by more than 8

percent. Services currently compose roughly 25 percent of total nonagricultural employment.

Civilian employment

Total civilian employment, which includes a large number of self-employed workers, rose by 3.1 million in 1987 to 113.5 million. Overall, employment increased by 14.6 million between late 1982 and 1987. Up until 1987, the current economic expansion had followed the cyclical pattern for an economic recovery—robust employment growth in the first few years, succeeded by much smaller gains in subsequent years. The employment spurt in 1987, however, resulted in the strongest over-the-year job growth since 1984.

Age and sex. The demographic pattern of employment growth has followed a "normal" cyclical pattern during the expansion. Having borne the brunt of recessionary layoffs, adult men made up a large percentage of the early job gains, accounting for more than half of the increase between the fourth quarters of 1982 and 1984. As the expansion continued, adult women made up a larger share, reflecting their long-term trend of growing labor market participation. In 1985 and 1986, women accounted for 70 and 56 percent, respectively, of the over-the-year increases in employment. In 1987, however, women made up only about half of the employment growth. Also, for the second straight year, teenagers experienced a job gain. The increase followed large losses in the 1980–82 recession years and little movement between 1983 and 1985, a reflection of teenagers' declining population during this period.

These strong employment advances are also reflected in the gains in the employment-population ratio (the proportion of the civilian working age population with jobs) for each of the three groups. The proportions of women and teenagers with jobs increased by 1.2 and 1.4 percentage points over the year, to 53.6 and 46.0 percent. The proportion of men rose only 0.6 percentage point to 74.0 percent. The overall ratio was 61.9 percent in the fourth quarter of 1987, the highest in history.

Whites, blacks, and Hispanics. All three major racial-ethnic groups benefited from the job growth in 1987. The fastest rate of growth was registered by Hispanic workers. Although they make up only 7 percent of the U.S. work force, Hispanic workers accounted for 19 percent of the overall job gain in 1987. During that period, their employment-population ratio climbed to a new high of 61.3 percent.

Hispanic workers also accounted for a relatively large share of the overall employment increase, as their employment-population ratio climbed to 61.1 percent, also a record. Although whites also experienced employment growth, their share of the 1987 job gain was small relative to their share of the labor force.

Table 2. Employment gains and losses by major occupation, 1983–IV to 1987–IV
[In percent]

Occupation	1983–84	1984–85	1985–86	1986–87	1983–87
Total	3.3	2.0	2.3	2.8	10.7
Managerial and professional specialty	5.1	4.3	2.9	4.5	17.8
Executive, administrative, and managerial	7.4	4.7	4.4	5.5	23.8
Professional specialty	3.2	3.9	1.6	3.6	12.8
Technical, sales, administrative support	3.2	2.7	3.6	2.1	12.1
Technicians and related support	3.4	2.7	3.4	0.5	10.3
Sales occupations	5.3	0.7	5.5	0.6	12.5
Administrative support, including clerical	1.5	4.2	2.3	3.6	7.1
Service occupations	0.9	2.6	1.2	2.3	7.0
Precision production, craft, and repair	3.5	1.4	0.6	0.7	6.3
Operators, fabricators, and laborers	3.1	-1.0	0.8	3.8	6.8
Farming, fishing, and forestry	0.8	-7.9	2.8	1.6	-3.1

Table 3. Selected labor force indicators by sex, age, race, and Hispanic origin, selected seasonally adjusted quarterly averages, 1982-87
 (Numbers in thousands)

Characteristic	1982	1984	1985	1986	1987			
	IV				I	II	III	IV
Total								
Civilian labor force	110,959	114,257	116,187	118,557	119,151	119,626	120,053	120,568
Percent of population	64.1	64.5	64.9	65.4	65.5	65.5	65.6	65.7
Employed	99,120	105,944	107,984	110,436	111,271	112,147	112,854	113,486
Agriculture	3,471	3,327	3,093	3,176	3,212	3,237	3,180	3,212
Nonagriculture	95,649	102,616	104,891	107,260	108,059	108,910	109,674	110,274
Employment-population ratio	57.3	58.8	60.3	60.9	61.1	61.4	61.7	61.9
Unemployed	11,839	8,313	8,203	8,121	7,880	7,479	7,199	7,082
Unemployment rate	10.7	7.3	7.1	6.8	6.6	6.3	6.0	5.9
Men, 20 years and over								
Civilian labor force	58,375	60,015	60,586	61,657	61,925	62,051	62,091	62,253
Percent of population	78.8	78.3	78.1	78.2	78.2	78.1	77.9	77.9
Employed	52,553	56,252	56,936	57,873	58,308	58,607	58,858	59,129
Employment-population ratio	70.9	73.4	73.4	73.4	73.6	73.8	73.9	74.0
Unemployed	5,822	3,763	3,650	3,784	3,617	3,444	3,233	3,124
Unemployment rate	10.0	6.3	6.0	6.1	5.8	5.6	5.2	5.0
Women, 20 years and over								
Civilian labor force	44,112	46,354	47,736	49,005	49,308	49,648	49,926	50,237
Percent of population	52.9	54.0	54.9	55.7	55.9	56.1	56.3	56.5
Employed	40,127	43,254	44,686	46,070	46,452	46,959	47,255	47,621
Employment-population ratio	48.1	50.4	51.4	52.4	52.6	53.1	53.3	53.6
Unemployed	3,985	3,200	3,050	2,935	2,856	2,689	2,671	2,615
Unemployment rate	9.0	6.7	6.4	6.0	5.8	5.4	5.3	5.2
Both sexes, 16 to 19 years								
Civilian labor force	8,472	7,887	7,865	7,895	7,919	7,927	8,036	8,078
Percent of population	54.3	54.1	54.4	54.3	54.4	54.3	54.9	55.2
Employed	6,440	6,438	6,362	6,492	6,511	6,581	6,740	6,736
Employment-population ratio	41.3	44.2	44.0	44.6	44.8	45.1	46.0	46.0
Unemployed	2,032	1,449	1,503	1,402	1,408	1,346	1,296	1,342
Unemployment rate	24.0	18.4	19.1	17.8	17.8	17.0	16.1	16.6
White								
Civilian labor force	96,623	98,814	100,538	102,425	102,777	103,179	103,374	103,769
Percent of population	64.4	64.7	65.2	65.7	65.7	65.8	65.8	65.9
Employed	87,452	92,618	94,491	96,350	96,941	97,622	98,056	98,529
Employment-population ratio	58.3	60.7	61.3	61.8	62.0	63.3	62.4	62.6
Unemployed	9,171	6,176	6,047	6,075	5,835	5,558	5,318	5,240
Unemployment rate	9.5	6.3	6.0	5.9	5.7	5.4	5.1	5.0
Black								
Civilian labor force	11,503	12,254	12,477	12,719	12,851	12,853	13,072	13,187
Percent of population	61.5	62.9	63.0	63.2	63.6	63.3	64.1	64.4
Employed	9,155	10,400	10,588	10,918	11,051	11,160	11,438	11,583
Employment-population ratio	48.9	53.4	53.5	54.3	54.7	54.9	56.1	56.6
Unemployed	2,348	1,854	1,889	1,800	1,800	1,693	1,634	1,603
Unemployment rate	20.4	15.1	15.1	14.2	14.0	13.2	12.5	12.2
Hispanic origin								
Civilian labor force	6,826	7,618	7,809	8,256	8,402	8,495	8,526	8,730
Percent of population	63.5	65.4	64.7	66.0	66.2	66.3	66.0	66.9
Employed	5,783	6,823	6,973	7,425	7,593	7,740	7,832	7,990
Employment-population ratio	53.8	58.6	57.7	59.4	59.8	60.4	60.6	61.3
Unemployed	1,043	795	836	831	809	755	694	739
Unemployment rate	15.3	10.4	10.7	10.1	9.6	8.9	8.1	8.5

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

population groups.

Occupations. Consistent with the overall employment increase in 1987, most occupations gained workers during the past year. However, the rate of employment growth was markedly different among occupations.¹ Table 2 shows the percent change in employment for major occupations by year, beginning with the fourth quarter of 1983 and ending with the fourth quarter of 1987. It also shows the percent change in employment for this entire period.

As had been the case in the 1983-86 period, the greatest job expansion in 1987 occurred among executive, administrative, and managerial workers. In the past 4 years, the number of these relatively highly educated, highly paid workers grew more than twice as fast as did total employment. In contrast, the number of operator, fabricator, and laborer jobs—the typical factory tasks—increased at a very slow pace. Despite benefiting from the rebound in manufac-

turing during 1987, total growth in these occupations over the 1983–87 period was much less than the gain in total employment. Farming, forestry, and fishing jobs showed an outright decline between 1983 and 1987.

Part-time workers. As has been the case throughout the entire expansionary period, the vast majority of the employment growth in 1987 occurred among full-time workers (those working 35 hours or more per week). At the end of the year, there were 20 million part-time workers, 14.6 million of whom worked part time voluntarily. This represented an increase of about 515,000 voluntary part-time workers over the previous year.²

In addition to voluntary part-time workers, about 5.4 million persons worked part time for economic reasons—that is, they would have preferred full-time work. Their number was down slightly from the fourth quarter of 1986. After declining by 1.3 million in the first 3 years of the current economic expansion, the number of such workers has remained relatively high.

Unemployment

The civilian worker unemployment rate dropped by 0.9 percentage point to 5.9 percent during the course of 1987, with the bulk of the decline occurring in the first 6 months. Over the year, the number of unemployed persons fell by a million to 7.1 million. Both the number unemployed and the rate of unemployment had shown very limited improvement in 1985 and 1986. (See table 3.)

Age and sex. The 1987 drop in joblessness was shared by virtually all major labor force groups. The rate for adult men fell by 1.1 percentage points to 5.0 percent. However, that level was still above those recorded just before the two recessions in the early 1980's. The rate for adult women declined by 0.8 percentage point to 5.2 percent at year's end—its lowest level since the first half of 1974. An increase in the teenage rate of unemployment in the fourth quarter tempered second- and third-quarter declines. As a result, teenagers were the only major labor force group to have shown little improvement over the year.

Whites, blacks, and Hispanics. Each of the three major racial-ethnic groups experienced a decrease in unemployment in 1987. Jobless rates for whites and blacks reached the lowest levels since the beginning of the current expansion. As the tabulation below shows, at year's end these rates had returned to their 1979 levels, after substantial increases in the 1980–82 recession years. The rate for blacks, at 12.2 percent, remained almost 2½ times the 5.0 percent rate for whites, while the rate for Hispanics, at 8.5 percent, stayed in an intermediate position.

Unemployment rate, fourth quarter

	1979	1982	1987
<i>White</i>			
Total, 16 years and over	5.2	9.5	5.0
Men, 20 years and over	3.8	8.9	4.4
Women, 20 years and over	5.0	8.0	4.4
Both sexes, 16 to 19 years	14.1	21.3	14.0
<i>Black</i>			
Total, 16 years and over	12.1	20.4	12.2
Men, 20 years and over	9.4	19.9	10.0
Women, 20 years and over	10.5	16.5	10.9
Both sexes, 16 to 19 years	36.7	48.4	33.7
<i>Hispanic origin</i>			
Total	9.0	15.3	8.5

Industry and occupation. Unemployment declined for all major industrial groups during 1987.³ The tabulation below shows that the greatest improvements occurred in mining, construction, and manufacturing. Improvements in mining and manufacturing reflected a turnaround in the employment situations of these two industrial groups. However, with regard to the construction industry, using the fourth quarter of 1986 (14.0 percent) as a period of comparison may exaggerate the actual improvement; in every other quarter of 1986 and 1987, the construction jobless rate was between 11 and 13 percent. The general trend has been one of slow improvement.

Unemployment rate, fourth quarter

	1984	1985	1986	1987
Mining	11.1	8.7	14.7	7.8
Construction	13.6	13.0	14.0	10.8
Manufacturing	7.3	7.5	7.1	5.4
Durable goods	7.1	7.5	6.8	4.9
Nondurable goods	7.5	7.5	7.5	6.0
Transportation and public utilities	5.3	5.2	4.7	4.5
Wholesale and retail trade	7.7	7.7	7.3	6.5
Finance and service industries	5.9	5.4	5.3	4.8

Related to the unemployment rate declines in the manufacturing and construction industries during the past year, occupations which are concentrated in these industries—operators, fabricators, and laborers, and precision production, craft, and repair workers—experienced the largest unemployment rate declines in 1987. Nevertheless, at 8.4 percent in the fourth quarter of 1987, operators, fabricators, and laborers still had the highest unemployment rate among the major occupational groups. The jobless rate for managerial and professional workers, 2.1 percent in late 1987, was the lowest rate among all major occupational groups.

Table 4. Unemployment by duration, seasonally adjusted fourth-quarter averages, 1982-87

[Number in thousands]

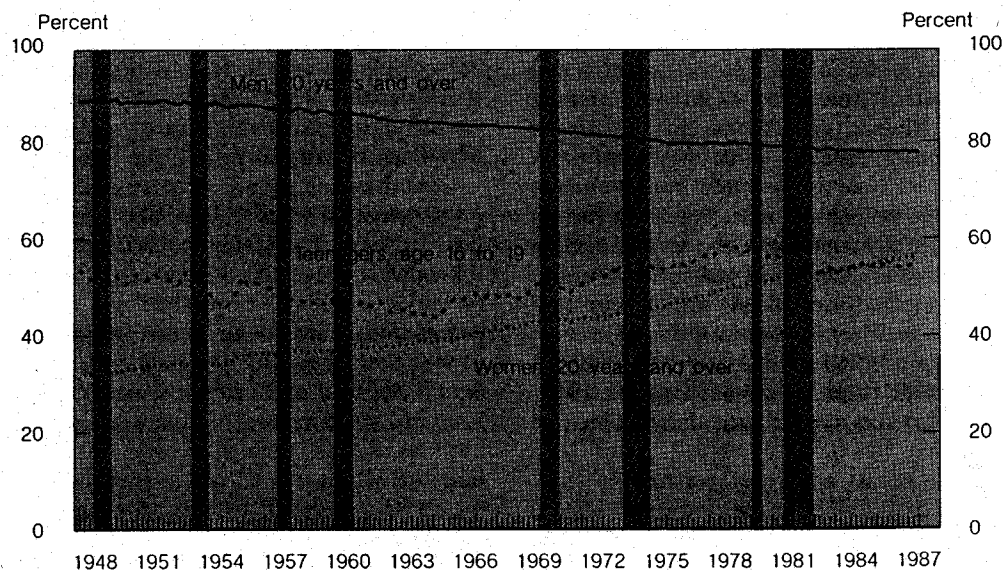
Weeks of unemployment	1982	1983	1984	1985	1986	1987
	IV	IV	IV	IV	IV	IV
Duration						
Less than 5 weeks	3,929	3,431	3,399	3,437	3,376	3,223
5 to 14 weeks	3,471	2,634	2,429	2,489	2,513	2,030
15 weeks and over	4,444	3,521	2,462	2,250	2,211	1,809
15 to 26 weeks	2,061	1,352	1,049	1,016	1,031	878
27 weeks and over	2,383	2,168	1,413	1,234	1,180	930
Average (mean) duration, in weeks ..	17.5	19.7	16.8	15.4	15.1	14.1
Median duration, in weeks	10.0	9.1	7.2	6.9	7.0	6.1
Percent distribution						
Total unemployed	100.0	100.0	100.0	100.0	100.0	100.0
Less than 5 weeks	33.2	35.8	41.0	42.0	41.7	45.6
5 to 14 weeks	29.3	27.5	29.3	30.4	31.0	28.7
15 weeks and over	37.5	36.7	29.7	27.5	27.3	25.6
15 to 26 weeks	17.4	14.1	12.7	12.4	12.7	12.4
27 weeks and over	20.1	22.6	17.0	15.1	14.6	13.2

Duration and reasons. The average spell of unemployment was also shorter in 1987 than in recent years. The

mean duration of unemployment fell from 15.1 weeks in the fourth quarter of 1986 to 14.1 weeks at the end of 1987. Similarly, the median duration fell 0.9 weeks to end the year at 6.1 weeks. Both measures were down sharply from 1983 highs of 20.5 and 11.5 weeks. Although there are now fewer unemployed persons in all duration categories, this is particularly true with regard to the number of persons with unemployment spells of 15 weeks and over. On a percentage basis, those jobless more than 15 weeks have declined considerably as a proportion of total unemployment. Conversely, as one would expect, those unemployed less than 5 weeks made up a gradually increasing percentage of the unemployed. At the extreme end, 13.2 percent of all unemployed persons had been out of work for 6 months or more in the fourth quarter of 1987, a very high proportion after 5 years of economic expansion. (See table 4.)

Among the unemployed, the numbers of job losers, job leavers, labor force reentrants, and new entrants all declined in 1987, and there was only a slight redistribution among those categories. Since late 1982, however, there has been a large decrease in the proportion of the unemployed that had lost their last job—from 61 to less than 47 percent.

Chart 4. Labor force participation rates for adult men and women, and teenagers, seasonally adjusted quarterly averages, 1948-87



NOTE: Shaded areas indicate recessionary periods as designated by the National Bureau of Economic Research.

Unemployment in families. Most labor force participants live in family units. The proportion of families having at least one member unemployed declined by 1.4 percentage points in 1987, to 5 percent at yearend. It is worthy to note, that, in almost two-thirds of those 5.0 million families, the effects of unemployment were partly mollified by the full-time employment of some other family member.

The unemployment rates for married men and women (spouse present), at 3.5 and 4.2 percent in the fourth quarter of 1987, were well below the national average of 5.9 percent. However, the 8.6-percent rate of unemployment

among women who maintain families was well above average.

The proportions of families with unemployment differed appreciably by race and ethnic origin in 1987. The proportion among black families was more than 17 percent in the fourth quarter of 1987, compared with 12 percent for Hispanic and less than 7 percent for white families.

Discouraged workers

Another useful indicator of the state of labor markets is the number of persons who want a job but are not looking

Employment then and now: one parallel, many changes

“Employment has advanced strongly and unemployment has fallen sharply in the past 5 years.” This statement, applicable today, could also have been used to describe the developments over the 5 years leading up to 1913, when the Department of Labor was born. By coincidence, labor market changes during both the 1908–13 period and the past 5 years were marked by strong recoveries from deep recessions. For example, in the 1908–13 period the number of persons employed rose by about 15 percent and the unemployment rate fell from 8.0 to 4.3 percent (according to estimates by Stanley Lebergott that are designed to be comparable with those from the Current Population Survey). Similarly, in the 5 years after the end of the 1981–82 recession, employment rose by 14 percent and the jobless rate dropped from 10.7 to 5.9 percent.

Despite these similarities in cyclical behavior, vast changes have taken place in both the size and composition of the U.S. work force in the 75 years of the Department’s existence. The number of Americans working or seeking work has more than tripled, and women have become a much larger proportion of the labor force. Many long-run changes in social and economic structure contributed to these labor force shifts. Among the most important factors were the urbanization of the population, the secular decline in the birth rate, a rise in the number of years of schooling, and increased life expectancy combined with greater pension coverage.

The shift of population from rural to urban areas has had tremendous impact on the nature of employment. In 1913, 3 out of 10 American workers were in agriculture; at the end of 1987, the proportion was down to only 3 out of 100. Also, just about half of all employed persons in 1913 worked in what might be described as the “informal” sector, that is, on farms, in other family-owned businesses, or as domestics in private households. As shown below, in late 1987 nearly 9 out of 10 employed persons were nonfarm wage and salary workers. Another major difference is that in 1913 nearly half of all nonfarm employees worked in mining, construction, or manufacturing. Today less than 1 in 4 workers are in these goods-producing industries.

	1913	1987
Employed (in thousands)	37,004	113,486
Percent distribution	100.0	100.0
Farm	29.7	2.8
Nonfarm:		
Wage and salary workers	50.6	88.6
Self-employed workers	13.4	7.3
Unpaid family workers	0.6	0.2
Domestics	5.6	1.1

Since 1913, urbanization has also opened up a much wider range of job opportunities for women. This shift, combined with the long-term decline in the birth rate (which was interrupted temporarily after World War II) and changing views about gender roles, contributed to the huge increase in the proportion of women working outside the home. It is estimated that in 1913 only 25 percent of women of working age were in the labor force; today, the proportion is 57 percent. Participation rates jumped even more for women in the prime childbearing and raising years of 25 to 44—from 20 percent in 1913 to 74 percent currently.

Over the same period, there was a decline in labor market participation of teenage boys and men in their early twenties. This was attributable primarily to the extension of high school and college education to larger and larger proportions of the population. At the other end of the age spectrum, people today are living much longer and retiring much sooner than they did 75 years ago. The introduction of Social Security and increased availability of private pensions has made retirement from work a viable alternative for millions. Reflecting these changes, the labor force participation rate of men age 65 and over plummeted from approximately 60 percent in 1913 to 15 percent today. The social and economic changes sketched here resulted in a work force today that is both larger and radically different from the labor force in 1913.

—Susan E. Shank
 Division of Labor Force Statistics
 Bureau of Labor Statistics

because they believe no work is available—the so-called discouraged workers. Although reporting that they want a job, discouraged workers are excluded from the count of the unemployed because they are not actively looking for work. Changes in their number have generally followed cyclical changes in unemployment. Their number rose from about 800,000 in 1979 to 1.8 million at the recession trough in the fourth quarter of 1982, and then dropped considerably in 1983 and 1984. There was only slight improvement over the next 2 years, but, in 1987, the number of such “workers” edged down in each quarter, declining 235,000 over the year to 910,000 as of the fourth quarter.

The bulk of discouraged workers cited job-market factors as their reason for not seeking work, and this was the group in which all of the improvement in 1987 occurred. The number that cited personal reasons—such as age or lack of skill, education, or training—was little changed in 1987.

Labor force growth

The civilian labor force, at 120.6 million in the fourth quarter of 1987, rose by 2.0 million during the year. Adult women were responsible for almost two-thirds of this increase. As chart 4 shows, their labor force participation rate

(the proportion of their population in the labor force) continued its long-term expansion, rising to 56½ percent in the fourth quarter of the year. In contrast, the labor force participation rate for adult men has been declining fairly consistently—edging down to 78 percent in the fourth quarter of 1987. While teenage participation rose in 1987, it was still below the levels of the late 1970's.

Hispanic workers made up an unusually large share of the 1987 labor force growth—about one-fourth—even though they account for only about one-fourteenth of the civilian labor force. This labor force gain resulted mostly from the rapid expansion in their population.

IN SUMMARY, 1987 was a year of strong labor market performance, as employment growth accelerated and substantial reductions were made in the number of unemployed workers. At year's end, there were doubts about the future course of the economy, particularly in view of developments in the stock market. Nevertheless, the renewed growth of the goods-producing sector, particularly in factory employment, was an encouraging sign. And, finally, the jobless rate dropped to just below 6 percent, the lowest since 1979. □

—FOOTNOTES—

¹ Comparisons are based on unadjusted data averaged for the fourth quarter of each year.

² A more comprehensive measure of part-time workers based on “usual hours” instead of voluntary or involuntary status was recently introduced. 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.

³ Unemployed persons are classified according to the industry and occupation of their last full-time job lasting 2 weeks or more.